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United States

Circuit Court of Appeals

For the Ninth Circuit

*Vol*

*1802*

CHAS. H. LILLY CO., a Corporation, WILMOT  
H. LILLY, KASENO PRODUCTS CO., a  
Corporation and GEORGE F. LINQUIST,  
Appellants,

vs.

I. F. LAUCKS, INC., a Corporation,  
Appellee.

Transcript of Record

Upon Appeal from the District Court of the United States  
for the Western District of Washington,  
Northern Division.

FILED  
APR 1 1933  
PAUL P. O'BRIEN,  
CLERK



United States  
Circuit Court of Appeals  
For the Ninth Circuit

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CHAS. H. LILLY CO., a Corporation, WILMOT  
H. LILLY, KASENO PRODUCTS CO., a  
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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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NAMES AND ADDRESSES OF SOLICITORS.

JAY C. ALLEN, Esquire,  
Rooms 216-20, 719 Second Ave. Building,  
Seattle, Washington,  
Solicitor for Appellants.

WELDON G. BETTENS, Esquire,  
1001 Exchange Building, Seattle, Washington,  
Solicitor for Appellants.

G. WRIGHT ARNOLD, Esquire,  
1608 Smith Tower, Seattle, Washington,  
Solicitor for Appellee.

CLINTON L. MATHIS, Esquire,  
1608 Smith Tower, Seattle, Washington,  
Solicitor for Appellee.

RAYMOND D. OGDEN, Esquire,  
1018 Alaska Building, Seattle, Washington,  
Solicitor for Appellee.

WARD WILLIAM RONEY, Esquire,  
1018 Alaska Building, Seattle, Washington,  
Solicitor for Appellee. [1]\*

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\*Page numbering appearing at the foot of page of original certified Transcript of Record.

In the United States District Court for the Western  
District of Washington, Northern Division.

In Equity

No. 659

I. F. LAUCKS, INC., a corporation,  
Plaintiff,

vs.

KASENO PRODUCTS CO., a corporation,  
GEORGE F. LINQUIST, CHAS. H. LILLY  
CO., a corporation, and WILMOT H. LILLY,  
Defendants.

BILL OF COMPLAINT FOR INJUNCTION  
AND ACCOUNTING OF PROFITS AND  
DAMAGES FOR INFRINGEMENT OF (1)  
PATENT NO. 1,689,732, (2) PATENT NO.  
1,691,661.

To the Judges of the District Court of the United  
States for the Western District of Washington:

Comes now the plaintiff above named and for  
cause of action alleges:

I.

That plaintiff, I. F. Laucks, Inc., is now, and dur-  
ing all of the times hereinafter referred to as to it  
has been, a corporation duly organized and existing  
under and by virtue of the laws of the State of  
Washington and has and had its principal place of  
business in the City of Seattle, State of Washington,

and that it has paid its annual license fee last past due.

II.

That defendant Kaseno Products Co., is now, and during all the times hereinafter alleged as to it has been, a corporation organized and existing under and by virtue of the laws of the State of Washington, having its principal place of business in the City of Seattle, County of King, and State of Washington; that defendant George F. Linquist is a citizen and resident of the City of Seattle, County of King, and State of Washington; that defendant Chas. H. Lilly Co., is now, and during all the times hereinafter alleged as to it has been a corporation organized and exist- [2] ing under and by virtue of the laws of the State of Delaware, having its principal place of business in the City of Seattle, County of King, and State of Washington; and that defendant Wilmot H. Lilly is a citizen and resident of the City of Seattle, County of King and State of Washington.

III.

That this is a suit in equity for infringement of Letters Patents jointly and severally committed by all of said defendants; that all of said parties are directly interested in, and will be affected by, the result of said suit; that said parties have joined and conspired one with the other to infringe upon said patent and/or to contribute to infringe upon

said patent and to destroy the value thereof to the plaintiff and threaten to continue to infringe; further, that said parties are joined to avoid a multiplicity of suits, and the jurisdiction of the Court as to the action for infringement of the patents depends upon the patent laws of the United States.

#### IV.

That heretofore, to-wit, prior to October 29, 1923, Irving F. Laucks and Glenn Davidson, of Seattle, were the original, first and joint inventors of a new and useful invention, to-wit, Vegetable Glue and Method of Making Same, not known or used by others before their invention or discovery thereof, or patented or described in any printed publication in the United States of America, or in any foreign country, before their invention or discovery thereof, or more than two years prior to their application for Letters Patent therefor in the United States of America, or in public use or on sale in the United States of America for more than two years prior to such application for Letters Patent therefor, and not abandoned; that thereupon, to-wit, on October 29, 1923, the said Irving F. Laucks and Glenn Davidson made application in writing in due form of law to the Commissioner of Patents of the United States of America for Letters Patent for said invention and complied in all respects with the conditions and requirements of said law; that after due proceedings had and [3] due examination made by the Commissioner of Patents upon the aforesaid



application as to the patentability of said invention, on October 30, 1928, Letters Patent of the United States of America, No. 1,689,732, and bearing date the day and year aforesaid, were in due form of law granted and issued and delivered by the Commissioner of Patents of the United States of America to the said Irving F. Laucks and Glenn Davidson, their heirs, legal representatives and assigns; that thereby there was granted and secured to the said Irving F. Laucks and Glenn Davidson, their heirs, legal representatives and assigns, for the full term of seventeen years from and after said October 30, 1928, the exclusive right and liberty of making, using and vending to others to be used the said invention throughout the United States of America and the territories thereof, all as will more fully and at large appear in and by said original Letters Patent or a copy thereof ready in Court to be produced as may be required.

#### V.

That heretofore, to-wit, on or about October 22, 1923, said Irving F. Laucks and Glenn Davidson, by an instrument in writing by them executed in their names, did sell, assign, transfer and set over unto I. F. Laucks, Inc., the plaintiff herein, a corporation organized and existing under and by virtue of the laws of the State of Washington, the full and exclusive right, title and interest in and to the said invention and in and to the said Letters Patent No. 1,689,732; that said instrument was duly recorded

in the United States Patent Office in Liber I, 120, p. 299 of Transfers of Patents, on October 29, 1923, all as in and by said original instrument in writing or a duly certified copy thereof ready in Court to be produced will more fully and at large appear.

## VI.

That heretofore, to-wit, prior to October 29, 1923, Irving F. Laucks and Glenn Davidson, of Seattle, were the original, first and joint inventors of a new and useful invention, to-wit, Vegetable Glue and Method of Making Same, not known or [4] used by others before their invention or discovery thereof, or patented or described in any printed publication in the United States of America, or in any foreign country, before their invention or discovery thereof, or more than two years prior to their application for Letters Patent therefor in the United States of America, or in public use or on sale in the United States of America for more than two years prior to such application for Letters Patent therefor, and not abandoned; that thereupon, to-wit, on October 29, 1923, the said Irving F. Laucks and Glenn Davidson made original application in writing in due form of law to the Commissioner of Patents of the United States of America for Letters Patent for said invention and complied in all respects with the conditions and requirements of said law; that after due proceedings had and due examination made by the Commissioner of Patents upon the aforesaid application as to the patent-

bility of said invention, said application was divided and application, serial number 174,093 was filed March 9, 1927, and that Letters Patent of the United States of America No. 1,691,661, dated November 13, 1928, were in due form of law granted and issued and delivered by the Commissioner of Patents of the United States of America to the said Irving F. Laucks and Glenn Davidson, their heirs, legal representatives and assigns; that thereby there was granted and secured to the said Irving F. Laucks and Glenn Davidson, their heirs, legal representatives and assigns, for the full term of seventeen years from and after said November 13, 1928, the exclusive right and liberty of making, using and vending to others to be used the said invention throughout the United States of America and the territories thereof, all as will more fully and at large appear in and by said original Letters Patent or a copy thereof ready in Court to be produced as may be required.

## VII.

That heretofore, to-wit, on or about March 1, 1927, said Irving F. Laucks and Glenn Davidson, by an instrument in writing by them executed in their names, did sell, assign, [5] transfer and set over unto I. F. Laucks, Inc., the plaintiff herein, a corporation organized and existing under and by virtue of the laws of the State of Washington, the full and exclusive right, title and interest in and to the said invention and in and to the said Letters Patent

No. 1,691,661; that said instrument was duly recorded in the United States Patent Office in Liber U, 129, p. 458 of Transfers of Patents on March 9, 1927, all as in and by said original instrument in writing or a duly certified copy thereof ready in Court to be produced will more fully and at large appear.

#### VIII.

That said inventions and each of them so patented in and by said Letters Patents were and are of great value and commercial utility and went into great and extended use, and the trade and public in and throughout the United States of America have generally recognized and acquiesced in the novelty, utility, value and patentability of said inventions and each of them and have acquiesced in the validity of said Letters Patent and of the exclusive rights of plaintiff thereunder, and said plaintiff has invested and expended large sums of money and has been to great trouble in and about said inventions and each of them for the purpose of carrying on the business of manufacturing adhesive embodying said patented inventions; and that said inventions and each of them have been and are of great benefit and advantage.

#### IX.

That plaintiff has manufactured, sold and caused to be used great quantities of adhesive embodying and containing said patented inventions, and each of them, and the same have been purchased and

used by the public and generally and extensively recognized by the public as of great utility and novelty, and plaintiff has built up a profitable and valuable business in the manufacture and sale thereof; that plaintiff's said inventions along with other inventions, relative which a suit is pending between the plaintiff and the defendants herein, have resulted in great economies to the users of adhesive, particularly the veneer industry, said adhesives practically supplanting former adhesives of animal origin wherever a highly water resistant product is desired; that upon or to each of the containers or sacks in which [6] the said manufactured material was vended by the plaintiff since the date of the grant and delivery of said Letters Patents and the assignments thereof, there has been marked in plain and conspicuous letters, as respects Patent No. 1,689,732, "Patent No. 1,689,732"; and as respects Patent No. 1,691,661, "Patent No. 1,691,661"; that but for the wrongful and infringing acts of defendants as herein set forth, plaintiff would now enjoy the exclusive rights and privileges to it granted by said Letters Patents and the same would be of great profit and advantage; that defendants and each of them have been notified as respects Patent No. 1,689,732, in writing on or about November 16, 1928, or had knowledge of the grant, issuance and delivery of said Letters Patent and warned not to infringe thereon or to manufacture, sell or use adhesive embodying or containing said patented invention, and said plaintiff had

caused to be published in *The Timberman*, an international lumber journal published in Portland, Oregon, under date of issue November, 1928, a notice to the effect that it, the plaintiff, owned patents giving it the exclusive right to the manufacture of an adhesive embodying its patented invention; that defendants and each of them have been notified as respects Patent No. 1,691,661, in writing on or about November 16, 1928, or had knowledge of the grant, issuance and delivery of said Letters Patent and warned not to infringe thereon or to manufacture, sell or use adhesive embodying or containing said patented invention, and said plaintiff had caused to be published in *The Timberman*, an international lumber journal published in Portland, Oregon, under date of issue November, 1928, a notice to the effect that it, the plaintiff, owned patents giving it the exclusive right to the manufacture of an adhesive embodying its patented invention; that notwithstanding said notice and said knowledge, said defendants have jointly and/or severally infringed upon said patents; that said defendants have jointly and/or severally caused to be manufactured and/or sold and/or used adhesive embodying its said patented inventions; that said defendants have jointly and/or severally contributed to said infringement by making and/or selling and/or using and/or causing to be made and/or causing to be sold and/or causing to be used said infringing [7] adhesive; that said defendants *Kaseno Products Co.*,

and Chas. H. Lilly Co. have jointly and/or severally contributed to said infringement by making and/or selling and/or using and/or causing to be made and/or causing to be sold and/or causing to be used said infringing adhesive; that said defendant Kaseno Products Co. has made and/or sold and/or used or has caused to be made and/or sold and/or used adhesive embodying said patented invention, and said defendant Chas. H. Lilly Co. has contributed to said infringement by selling and/or causing to be sold to said Kaseno Products Co., soya bean and/or vegetable protein material adapted and intended to be employed as a substantial part of the combination invented and patented, i. e., as a substantial part in the manufacture of said infringing adhesive of said Kaseno Products Co., said Chas. H. Lilly Co. well knowing that said material was to be thus used to manufacture said infringing adhesive and fully intending that it should be so used; that on information and belief, said defendant George F. Linquist is the president of said defendant Kaseno Products Co., that he directs and controls all its acts, and is directly and personally in charge of conducting the infringing acts herein complained of as respects the Kaseno Products Co.; that, on information and belief, said defendant Wilmot H. Lilly is the president of said defendant Chas. H. Lilly Co., that he directs and controls all its acts, and is directly and personally in charge of conducting the infringing acts herein

complained of as respects Chas. H. Lilly Co.; that said defendants have conspired together to infringe upon said patent rights and each and all of them refuse to desist therefrom and threaten to continue said infringement and invasion of plaintiff's rights and intend, unless prohibited by this Court to continue to infringe said Letters Patents by manufacturing and/or selling and/or using, and/or causing to be manufactured and/or sold and/or used, adhesive embodying said inventions; that the use of said inventions by said defendants and their acts severally and jointly and their preparation for and avowed determination to continue the said infringing acts, and their other aforesaid unlawful acts in disregard and defiance of the rights of the plaintiff, have the effect to, and do encourage and induce others to venture to infringe said [8] Letters Patents in disregard of the plaintiff's rights; all of said alleged infringing conduct having been committed within the six years next preceding the filing of this bill of complaint and within the western district of Washington and elsewhere in the United States. All the aforesaid acts complained of in this paragraph are in infringement of each and all of the claims in said Letters Patents on each of which, said plaintiff relies.

#### X.

That said acts of infringement of plaintiff's said patent rights have greatly damaged said plaintiff,



to-wit, in the amount of one hundred thousand dollars (\$100,000.00) and said infringing acts are done wilfully, intentionally and in direct defiance of plaintiff's said patent rights secured to said plaintiff by said United States Letters Patents, and with the threat and full intention of continuing of said infringing acts.

Wherefore, plaintiff prays:

1. That a writ of injunction issue out of this Court enjoining and restraining defendants and each of them, their officers, clerks, attorneys, servants, agents and workmen, not only perpetually, but provisionally during the pendency of this suit, from making or causing to be made, selling or causing to be sold, using or causing to be used, contributing to the making or causing to be made, contributing to the selling or causing to be sold, contributing to the using or causing to be used, adhesive embodying or containing the inventions patented in and by said Letters Patents, or any of said patents separately or in combination.

2. That defendants, and each of them, be decreed to account for and pay over unto plaintiff all profits, gains and advantages realized or received by them, or either of them, from said infringing acts, and that plaintiff have judgment against defendants for the damages suffered by plaintiff in the premises and that said damages be trebled.

3. That plaintiff have such other further or different relief as in equity and good conscience the

Court shall deem meet, together with judgment against defendants for plaintiff's costs and [9] disbursements in this behalf sustained.

I. F. LAUCKS, INC.,  
 By G. WRIGHT ARNOLD,  
 By RAYMOND D. OGDEN,  
 Its Attorneys.

State of Washington,  
 County of King.—ss.

Personally appeared before the undersigned authority I. F. Laucks, who being duly sworn as to the truth of the allegations made in the above bill, says that he is president of the plaintiff in the above cause, has ready the foregoing bill and knows the contents thereof, and that the same is true of his own knowledge, except as to matters therein stated on information and belief, and as to those matters he believes them to be true.

I. F. LAUCKS.

Subscribed and sworn to before me this 14th day of February, 1929.

[Seal] G. WRIGHT ARNOLD,  
 Notary Public in and for the State of  
 Washington, residing at Seattle.

[Endorsed]: Filed Feb. 14, 1929. Ed. M. Lakin,  
 Clerk. [10]

[Title of Court and Cause.]

SUBPOENA.

The President of the United States of America,  
To Kaseno Products Co., a corporation, George F.  
Linguist, Chas. H. Lilly Co., a corporation, and  
Wilmot H. Lilly,

GREETING:

YOU ARE HEREBY COMMANDED, That you be and appear in said District Court of the United States aforesaid, at the Court Room of said Court, in the City of Seattle, on the 6th day of March, 1929, to answer a bill of complaint filed against you in said Court by I. F. Laucks, Inc., a corporation, and to do and receive what the Court shall have considered in that behalf. And this you are not to omit under the penalty of the law.

WITNESS the Honorable Edward E. Cushman, Judge of said Court, and the seal thereof, at Seattle, Washington, this 14th day of February, 1929.

[Seal]

ED. M. LAKIN,

Clerk.

By T. W. EGGER,

Deputy Clerk.

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MEMORANDUM PURSUANT TO RULE 12,  
SUPREME COURT, U. S.

YOU ARE HEREBY REQUIRED to file your answer or other defense in the above mentioned

suit on or before twenty days from the date of service, excluding the day thereof, at the Clerk's office of said Court, pursuant to said bill; otherwise the said bill will be taken pro confesso.

ED. M. LAKIN,

Clerk.

By T. W. EGGER,

Deputy Clerk.

G. WRIGHT ARNOLD,

RAYMOND D. OGDEN,

For Plaintiff. [11]

#### MARSHAL'S RETURN.

United States of America,  
Western District of Washington.—ss.

I HEREBY CERTIFY, That I have served the within writ by delivering to and leaving a true copy thereof with, Wilnot H. Lilly, personally, and Chas. H. Lilly Co., by serving Wilnot H. Lilly as Secretary, and on Geo. F. Linquist, personally, and Kaseno Products Co., by serving Geo. F. Linquist as Secretary and Manager.

E. B. BENN,

United States Marshal,

By J. M. GREEN,

Deputy.

Feb. 25th, 1929.

Fees \$8.40

[Endorsed]: Filed Feb. 26, 1929. Ed. M. Lakin,  
Clerk. [12]

[Title of Court and Cause.]

MOTION FOR LEAVE TO AMEND ANSWER.

Come now the defendants Kaseno Products Co., a corporation, George F. Linquist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, in the above entitled cause, and move the court for leave to amend their answer as will appear in the amended answer herewith filed and attached hereto. That said amendments are material and necessary to a proper defense of the case, that the matter as amended and the amendments affixed were not known prior to the filing of the original answer.

That Dr. Sadakichi Satow is a resident of Japan and only recently has been in consultation with attorneys for defendants in Seattle. That patents have been issued to him and articles have been written by him and published and some of them are set up and cited in the original answer on file herein. That within the last ten days Dr. Satow has been in telegraphic communication with Japan and in consultation with counsel and solicitors for the defendants and has disclosed to them the additional publications of articles and patents written by or issued to him and cited in the proposed amended answer as well as some of the other publications by authors and patents referred to in the proposed amended answer in addition to those cited in the original answer. That prior to last Tuesday evening, February 25, 1930, defendants and attorneys did not have sufficient knowledge

of such matters so alleged in the proposed amended answer to allege the same. That defendants have engaged other expert chemists since the filing of the answer herein and they have very recently called attention of counsel to some of the citations of patents and publications set forth or cited and referred to in the proposed amended answer in addition to those set up in the original answer herein.

That the practice in actions at law (See R. S. 4920) in patent cases permits proof by defendants of publications and patents, [13] among other things, if notice thereof is given 30 days before the trial. That notice of the additional references set up in the proposed amended answer to articles, publications and patents have been served on plaintiff by service on their solicitors and attorneys more than 30 days prior to the date of trial hereof in consequence of which, and the service of a copy of the proposed amended answer on plaintiff's attorneys on the 28th day of February, 1930, plaintiff has received notice which would be sufficient in a law action to permit defendants to prove the references cited therein.

Wherefore defendants pray that such amendments be allowed and for an order permitting the filing of the amended answer submitted herewith.

J. Y. C. KELLOGG and

RICHARD J. COOK,

Solicitors for Defendants.

[Endorsed]: Filed Feb. 28, 1930. Ed. M. Lakin,  
Clerk. [14]

[Title of Court and Cause.]

ORDER ALLOWING AMENDED ANSWER  
TO BE FILED.

This cause coming on to be heard on the 3rd day of March, 1930, on motion of the defendants, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, to amend their answer, and both parties having appeared, and the court being fully advised of the amendment sought to be made to the answer by the defendants heretofore filed herein, it is hereby

ORDERED, ADJUDGED and DECREED that the motion be granted and that said defendants, The Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly be and they are hereby granted leave to file an amended answer herein.

Dated this 20th day of March, 1930.

EDWARD E. CUSHMAN,  
Judge of the above entitled Court.

O. K. as to form:

G. WRIGHT ARNOLD,  
RAYMOND OGDEN,  
By MATHIS.

[Endorsed]: Filed Mar. 20, 1930. Ed. M. Lakin,  
Clerk. [15]

[Title of Court and Cause.]

ORDER ALLOWING AMENDED ANSWER  
TO BE FILED.

This cause coming on to be heard March 3rd, 1930, on the motion of defendants Kaseno Products Co., a corporation, and George F. Linquist, to amend their answer, and the court being fully advised of the amendments sought to be made to the answer by the defendants heretofore filed herein,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the motion be granted, and that the amended answer of defendants here be filed.

Dated, March 3rd, 1930.

EDWARD E. CUSHMAN,  
Judge of the Above Entitled Court.

[Endorsed]: Filed Mar. 3, 1930. Ed. M. Lakin,  
Clerk. [16]

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[Title of Court and Cause.]

AMENDED ANSWER.

The defendants, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, now and at all times saving and reserving unto themselves all benefit and advantage of exception which can or may be had or taken to the errors or uncertainties or other imperfections in said bill of complaint contained, for answer thereto, or unto so much of said parts



thereof as said defendants are advised is or are material for them to answer unto, say as follows:

I.

Defendants admit the allegations contained in paragraphs I and II of the bill of complaint.

II.

With respect to paragraph III, defendants admit the jurisdiction of the Court, but deny each of the other allegations contained therein.

III.

With respect to paragraph IV of the bill of complaint, defendants deny that on or before October 29, 1923, or at any time, Irving F. Laucks and Glenn Davidson, of Seattle, were the original or first or joint inventors of any new or useful invention, to-wit: Vegetable Glue and Method of Making Same, purported to be set forth, or claimed, in letters patent of the [17] United States No. 1,689,732, but admit, upon information and belief, that a certain instrument purporting to be letters patent of the United States was issued by the United States Patent Office on October 30, 1928, under Number 1,689,732, upon an application filed by Irving F. Laucks and Glenn Davidson on October 29, 1923; but defendants are without knowledge as to what further proceedings were had and taken in the matter of said application and therefore deny plaintiff's allegations in reference thereto.

Defendants further deny that the said alleged letters patent were duly or regularly applied for, prosecuted, granted, issued or delivered to said Irving F. Laucks and Glenn Davidson and further deny that thereby there was granted or secured to them, their heirs, legal representatives or assigns any sole or exclusive right to make, use or vend the said alleged invention.

Defendants further deny that the alleged invention, purported to be set forth by said letters patent, was not known or used by others before the alleged invention or discovery thereof by the said Irving F. Laucks and Glenn Davidson; nor patented nor described in any printed publication in this or any foreign country before their alleged invention or discovery thereof or for more than two years prior to the application for said letters patent, nor in public use or on sale in this country for more than two years prior to the said application and not abandoned, and deny each and every other allegation set forth and contained in said paragraph.

#### IV.

With respect to paragraph V of the bill of complaint, defendants are without knowledge whether on October 22, 1923, said Irving F. Laucks and Glenn Davidson, by a certain instrument in writing by them, did sell, assign, transfer and set over unto [18] I. F. Laucks, Inc., the plaintiff herein, the full and exclusive right, title and interest in and to said letters patent No. 1,689,732, and therefore deny the

alleged instrument was duly recorded in the United States Patent Office.

V.

With respect to paragraph VI of the bill of complaint, defendants deny that on or before October 29, 1923, or at any time, Irving F. Laucks and Glenn Davidson, of Seattle, were the original, or first or joint inventors of any new or useful invention, to-wit: Vegetable Glue and Method of Making Same, purported to be set forth, or claimed, in letters patent of the United States Number 1,691,661, but admit that a certain instrument purporting to be letters patent of the United States was issued by the United States Patent Office on November 13, 1928, under Number 1,691,661, upon any application filed by Irving F. Laucks and Glenn Davidson on October 29, 1923; but defendants are without knowledge or information as to what further proceedings were had or taken in the matter of said application and therefore deny plaintiff's allegations in reference thereto.

Defendants further deny that the said alleged letters patent were duly or regularly applied for, prosecuted, granted, issued or delivered to said Irving F. Laucks and Glenn Davidson, and further deny that thereby there was granted or secured to them, their heirs, legal representatives or assigns any sole or exclusive right to make, use or vend the said alleged invention.

Defendants further deny that the alleged invention, purported to be set forth by said letters patent, was not known or used by others before the alleged invention or discovery thereof by the said Irving F. Laucks and Glenn Davidson; nor patented nor described in any printed publication in this or any [19] foreign country before their alleged discovery or invention thereof or for more than two years prior to the application for said purported letters patent, nor in public use or on sale in this country for more than two years prior to the said purported application and not abandoned, and deny each and every other allegation set forth and contained in said paragraph.

## VI.

With respect to paragraph VII of the bill of complaint, defendants are without knowledge whether on March 1, 1927, said Irving F. Laucks and Glenn Davidson, by a certain instrument in writing by them, did sell, assign, transfer and set over unto I. F. Laucks, Inc., the plaintiff herein, the full and exclusive right, title and interest in and to said letters patent No. 1,691,661, and therefore deny the alleged instrument was duly recorded in the United States Patent Office.

## VII.

With respect to paragraph VIII of the bill of complaint, defendants specifically deny each and every allegation contained therein.

### VIII.

With respect to paragraph IX of the bill of complaint, defendants deny that they have committed or are now committing or threaten to continue committing any wrongful or infringing acts, as further alleged in said paragraph; and deny that they have been notified in writing or have had any knowledge of the grant, issue and delivery of said purported letters patents enumerated in said paragraph IX, and have been warned not to infringe thereon or to manufacture, sell or use adhesives embodying or containing said patented inventions.

With respect to the publication of the Timberman, [20] appearing in said paragraph IX, defendants are without knowledge.

Further answering said paragraph IX, defendants specifically deny each and every other allegation contained therein.

### IX.

With respect to paragraph X of the bill of complaint, defendants deny each and every allegation contained therein, and deny that plaintiff has been damaged to the sum of \$100,000.00 or in any sum or amount whatsoever.

Defendants, further answering said bill of complaint, by way of affirmative defense thereto, allege as follows:

(a) That the alleged new and useful inventions for adhesives, purported to be set forth in each of

said alleged letters patents, were not patentable inventions or discoveries under the Patent Laws of the United States, in view of the known state of the art, and defendants, upon information and belief, aver that the alleged inventions or discoveries purported to be set forth in each of said alleged letters patents were well known and used prior to the alleged discovery or invention thereof by Irving F. Laucks and Glenn Davidson;

That adhesive composition embodying and showing substantially the alleged inventions of Irving F. Laucks and Glenn Davidson are further shown by various publications and letters patents issued prior to the alleged discoveries or inventions of Irving F. Laucks and Glenn Davidson, and more than two years prior to the filing of their applications for patents;

That the creation of said alleged inventions came about solely through the exercise of ordinary skill; that any [21] subsequent elaborations by way of execution of further plans and preparations or specifications of letters patents involved no more than the exercise of ordinary skill, and that said purported letters patents, as a consequence, are invalid and void.

(b) That all material or substantial parts of said alleged inventions, as described in the specification and defined by the claims, are described in divers publications and letters patents in the United States and foreign countries prior to the date of the pur-

ported inventions thereof by the said Irving F. Laucks and Glenn Davidson, and more than two years prior to the filing of their applications for patents, including the following:

## LETTERS PATENTS:

Number	Name	Date
1,245,975	Satow	Nov. 6, 1917
140,911 (British)	O'Gorman	Apr. 8, 1920
838,785	Isaacs	Dec. 18, 1906

## PUBLICATIONS:

Scientific essays of Dr. Sadakichi Satow (then Professor of the Imperial University of Japan, also patentee of many patents listed hereunder the name of Satow) published monthly from October, 1919, to and including September, 1920, in *Kogyu Kagaku Zashi* (Journal of Industrial Chemistry) published by *Kogyu Kagaku Kai* (the Society of Industrial Chemistry), a monthly periodical published at Tokyo, Japan, and delivered to all parts of the world; and more particularly the following portions of the essays:

November 1919	pps. 58, 69
January 1920	pps. 2, 6, 12, 13
May 1920	pps. 429-438 [22]

each of the monthly essays applying to soya beans and the industrial and commercial uses thereof; portions of which essays have been translated and printed in English in two separate publications, as follows:

“Research on Oil and Proteids Extraction from Soy-Bean” by Sadakichi Satow, from the Technology Reports of the Tohoku Imperial University, Vol. II, No. 2 (Reprinted October, 1921); “Manufacture of Plastic Products from Proteid of Soy-Bean” by Sadakichi Satow, from the Technology Reports of the Tohoku Imperial University, Vol. III, No. 4. (Reprinted June, 1923);

(c) Defendants aver that said letters patents of Irving F. Laucks and Glenn Davidson are wholly invalid and void because, for the purpose of deceiving the public, the specifications and claims filed by applicants, Irving F. Laucks and Glenn Davidson in the Patent Office were made to contain less than the whole truth relative to their inventions or discoveries; that the protein of the soya bean, and other seeds, is practically identical with the protein of milk, and the art of making high-water-resistant adhesive compositions from casein is old; not only is the art of making high water-resistant adhesive compositions from casein old, but the art of making such high water-resistant adhesives, consisting of caustic soda, lime, and equivalents, copper sulfate, cuprammonium compounds, copper-caustic soda compounds, and equivalents, tanning agents, sodium silicate, and equivalents, resin, and equivalents, sulphur containing compounds, such as carbon bisulphide and equivalents, sodium phosphate, sodium perborate and sodium sulphite, and equivalents, and the combination of such salts as above enumerated with a weak acid, is old; therefore the



substitution of proteins of the soya bean and other seeds for casein in which [23] these common and well known water-proofing agents are employed is merely adapting an old art to an equivalent material; that casein reacts similar to soya bean protein in substantially all respects and is, therefore, a direct substitute and an equivalent.

Defendants aver that said letters patents of Irving F. Laucks and Glenn Davidson are wholly invalid and void because, the description of the invention in the specifications are not in such full, clear, concise, and exact terms as to enable any person skilled in the art of science to which it appertains or with which it is most nearly connected, to make, construct, compound, and use the same.

(e) OTHER PUBLICATIONS:

A paper read by Dr. Oskar Nagel at the Chemists' Club in New York City on Nov. 20, 1903, entitled "On Vegetable Protein," wherein a portion of said paper was devoted to a discussion of Vegetable Casein; said paper, as read by Dr. Nagel being subsequently printed in the Journal of the Society of Chemical Industry on December 31, 1903, in Volume 22, pages 1337 and 1338, said journal referred to being published in England and having general circulation at that time in both England and the United States; that said paper dealing with vegetable casein was, later on, published in book on "Casein, Its Origin, Prepara-

tion and Properties" which book was composed by one, Robert Shearer. The book referred to was first published in 1905 in a German edition, 1906 English edition, 1911 2nd English, revised and enlarged edition and 1921 3rd revised and enlarged edition. The article is herein set forth as follows, to-wit:

"For making vegetable casein, which, in its solubility, [24] viscosity, and other properties, is equal to milk casein, I use soy-bean, which, until now, has not been used in chemical industries. This seed, being the richest casein-containing seed produced by nature, and at the same time exceedingly cheap, can be imported from China in any quantity desired. It contains 12 to 18 per cent of an excellent edible oil, largely used in the Orient, and 30 to 40 per cent casein. The richness in fat decreases the expense of the process considerably. For making casein the finely ground beans are extracted nearly completely by means of benzine or any other solvent in an apparatus ordinarily used for that purpose. Hydraulic pressure may also be employed for removing the oil, but in this case the residuum will naturally be richer in fat than if worked by extraction. The residue, freed from benzine, is digested at a temperature of 30° to 35°, with a 5 per cent solution of sodium carbonate for several hours, solution being assisted by means of stirring. The solution is then filter pressed.

The casein is now precipitated from the filtered alkaline casein solution, with continuous stirring,

by means of rennet or a 5 per cent solution of hydrochloric acid. The precipitated casein is filtered, washed, and dried in a steam-heated room at as low a temperature as possible. The benzine is removed in the extraction apparatus mentioned above, from the solution of oil in benzine obtained in the first part of the process, and used over again.”

A publication in the supplement to the Scientific American Supplement No. 1859, page 115, issued August 19, 1911; said article being entitled “Extended Utilization of Soya Bean Products.” The article is set forth herein as follows, to-wit: [25]

“The Soya bean, of whose growth and properties the Scientific American recently gave some account, is attracting increasing attention abroad because of the economic and commercial value of the products obtainable from it. Some of these preparations are important because of their alimentary value, and others from their industrial application.

Many Europeans have been studying the best methods of extracting the nutritive principal contained in these seeds and preserving it in concentrated form, with a view to its availability as part of the rations of armies and particularly of colonial troops.

A Japanese chemist, Karajama, has succeeded in preparing a concentrated “milk,” a flour on the order of the Nestle preparations, and biscuits which give a maximum of alimentation with a minimum of volume.

A Chinese factory has been established not far from Paris for the purpose of manufacturing alimentary products from Soya, and it has already put upon the market Soya flour, Soya bread, Soya sauce, Soya milk, Soya cheese, preserves, fermented milk, etc.

The Indo-Chinese prepares from this plant a condensed milk, a flour, a form of Casein which constitutes essential elements of the food supply of the populace.

Recently, moreover, successful experiments have been made, with this vegetable casein as a substitute for animal casein in the various industrial applications, in which the latter have been increasingly utilized.

The well-known chemist inventor, F. J. G. Beltzer, who has made a careful study of the whole subject, publishes in the *Revue Scientifique* a report of whose most important [26] features we present an abstract, while omitting purely technical details of analysis and manufacture.

In the preparation of industrial casein, the imported casein made in Indo-China by the natives can be used by subjecting it to a process to remove the fatty matter contained, but it is found commercially advisable, because cheaper, to treat the raw product directly.

A quantitative analysis of 190 grams of the raw grain gave the following result:

Dry Casein	25.55	Grains
Oils and fatty bodies	16.42	“
Dry residuary cake	29.80	“
Husks	7.85	“
Dust and impurities	7.90	“
Moisture	12.35	“
	<hr/>	
Total	99.87	

In Cochin-China and Annam the chief food products made from Soya are vegetable milk and vegetable cheese.

The milk is obtained by crushing the previously well-soaked seeds and then macerating in about ten times their weight of water, thus obtaining a thick milky liquid. Cold water must be used, as otherwise the vegetable albumin will be congealed and cannot be extracted.

This milk should be filtered and drunk fresh or used for making different sorts of cheese, as in the case of cows' milk or goats' milk, while the compressed cake left after filtering, forms a nourishing fodder for animals.

To make the cheese, the vegetable milk is treated with a mineral salt, or an acid, which acts the part of rennet, coagulating the milk into a curd, which is drained, and washed like the curd from ordinary milk.

In Indio-China the milk is coagulated by boiling and [27] by the addition of a powder called Tehach-Kao, which consists of a calcined selenite.

A very small quantity of this causes the complete coagulation of large quantities of milk.

The cheese is usually consumed fresh the same day it is prepared, but can also be preserved by smoking and by salting.

In Annam there are three principal varieties of this cheese:

1. The fermented variety, of a gray or yellow color, and a taste suggesting Roquefort.

2. The white or salted variety, resembling goats' milk cheese.

3. The cooked or smoked variety, which looks like Gruyere.

In the market of Saigon the Chinese sell these white or cooked cheeses to the natives at the modest price of 10 centimes per livre. This is about one-tenth the price of Gruyere, which indicates the economic value of this highly nutritious food and suggests the possibility of its future commercial importance.

For purely industrial applications it is necessary, as we have said, that the vegetable casein be entirely free from fatty matters.

In the industrial treatment of Soya, therefore, the process is somewhat different. The three objects sought are: the pure oil, the casein entirely free from oil, and the residuary cake.

The oil is extracted by pressing, and two grades are obtained. The first or purest is sold for edible

purposes, while the second is useful for soap making and other manufactures [28] where oils and fats are employed. The first-pressure oil is worth about 1.9 francs per Kilo, while the second-pressure product brings only about 0.7 francs per Kilo.

The pure casein is prepared from the pulp which remains after the extraction of the oil. The milky liquid obtained by triturating the pulp with cold water, is filtered and treated with powdered gypsum. About one kilo of gypsum per 1,000 liters of the liquid is used. The mixture is brought to a boil and the resulting coagulate is drained and washed in cloth filters. The casein thus obtained is dissolved in a quantity of very dilute soda solution, so weak that the reaction is either neutral or very slightly alkaline. The solution is filtered and then precipitated by acetic acid. The finely divided precipitate obtained is filtered out, washed on the filter and finally dried at low temperature.

The casein thus obtained is white, and from an industrial point of view, very pure. It is insoluble in water, but soluble in dilute caustic alkalines and in ammonia. It exhibits almost precisely the same properties as the casein obtained from ordinary milk. It is found on experiment to be susceptible of the same industrial applications as animal casein, and may come to largely supersede this because of lower cost.

Among the various uses to which it may be applied we may mention its employment in painting,

and for the preparation of products having a resistance to moisture.

It may be used also for the sizing of paper, which consumes such large quantities of ordinary casein. Being soluble in ammonia and caustic solutions it is capable of forming a smooth and solid size.

Other uses are in certain manufacturing processes in the [29] preparation of silks and artificial textiles, as well as of rubber, leathers, plastic materials, films, photographic emulsions, etc. Large amounts of animal casein are at present employed in the manufacture of "galalith" from which are made numerous objects which imitate articles made from ivory, tortoise-shell, bone, horn, etc. The soya casein, when free from fats, is equally well adapted for these purposes.

Formol acts upon this casein in the same way as an ordinary casein, rendering it insoluble. Hence it may be used for the water-proofing of fabrics, straw hats, etc., as well as for the preparation of sizes and dressings.

Chevalott gives a formula for the foregoing purpose.

To 40 parts of casein in 200 parts of water is added dilute milk of lime (1 part Ca O), 20 parts of soap, and 240 parts of water. The fabric is impregnated with this solution and then dried, afterwards being passed through a bath of aluminium acetate. It is also washed with water at 90 deg. C. and dried.



Straw, which is impregnated with an ammoniacal solution of vegetable casein, then dried and finally subjected to formaldehyde vapors at a temperature of 80 deg. to 90 deg. C., becomes impermeable to water.

A solution of vegetable casein and borax can be successfully utilized in the process of calico printing.

It will be seen from the foregoing resume that the fabrications of vegetable casein for industrial purposes has immense possibilities, only exceeded in importance by the alimentary values of its food products for man and beasts.

The residuary cake left after the extraction of both oil and casein still retains sufficient nutritive qualities to [30] be useful as an addition to the feed of animals.”

Cements, Glues, Pastes, Mucilages and Adhesives, Chapter 6, pages 271 to 336, appearing in *Scientific American, Cyclopedia of Formulae*, by Hopkins, published in English by Munn & Co., Inc., of New York in 1911.

Soya-Bean Curd, an Imported Oriental Food product, taken from the *Philippine Journal of Science*, 1912, A., Volume 7.

A textbook of Paper making by C. F. Cross and E. J. Bevan, 3rd Ed., published by E. & F. N. Spon, Ltd., London, and Spon & Chamberlain, New York, 1907, p. 23.

Wood Pulp by C. F. Cross and others, published by D. Van Nostrand Company, New York, 1911, pp. 38-40, 45, 50-51, 242-249.

Cellulose by C. F. Cross & E. J. Bevan, published by Longmans, Green & Company, London, 1916, pp. 25-27, 247-248, 318.

Chemistry and Technology of Gelatin and Glue, by R. H. Bogue, published by McGraw Hill Company, New York, 1922, pp. 319-344.

Cellulose, Cellulose Products and Artificial Rubber, by Bersch (authorized translation from German 1904) pp. 14-15, 16, 119-161.

Nitrocellulose Industry, E. C. Worden, published by D. Van Nostrand Company, New York, 1911, Vol. 2, pp. 1055-113.

Bulletin No. 439, U. S. Department of Agriculture, Dec. 22, 1916.

(f) Also in many other letters patents and publications not definitely known to the defendants, definite allegations concerning which, when discovered hereafter, defendants pray leave of Court to incorporate herein by suitable amendments hereto. [31]

(g) That during the pendency in the U. S. Patent Office of the aforesaid applications of Irving F. Laucks and Glenn Davidson, that subsequently matured into patents, said applicants so limited the claims of their patents in order to obtain favorable consideration of the same, that they

cannot now ask for or obtain an interpretation of these claims which will bring the defendants' adhesive composition complained of within the scope thereof; that, in view of prior patents hereinbefore and hereinafter specifically referred to, the claims in suit must be so restricted as to exclude defendants' adhesive composition from the purview thereof; such prior patents defendants aver are the full equivalent of plaintiff's patents, said patents being as follows:

Number	Name	Date
1,020,656	Perkins	Mar. 19, 1912
1,357,310	Bloede	Nov. 2, 1920
838,785	Isaacs	Dec. 18, 1906
1,078,692	Perkins	Nov. 18, 1913
1,273,571	Bloede	Jul. 23, 1918
140,911 (British)	O'Gorman	Apr. 8, 1920
1,321,480	Satow	Nov. 11, 1919
1,427,645	Satow	Aug. 29, 1922
1,321,479	Satow	Nov. 11, 1919
1,456,842	Butterman	May 29, 1923
689,023	Reigel	Dec. 17, 1901
1,412,020	Stern	Apr. 4, 1922
1,267,699	Robinson	May 28, 1918
1,373,412	Craver	Apr. 5, 1921
1,244,465	Brabrook	Oct. 30, 1917
845,791	Isaacs	Mar. 5, 1907
621,579	Marsden	Mar. 21, 1899
223,459	Vining	Jan. 13, 1880
86,398	Hirsh	Feb. 2, 1869
650,003	Bremer	May 22, 1900
725,816	Bartels	Apr. 21, 1903
883,995	Weichmann	Apr. 7, 1908
932,527	Weichmann	Aug. 31, 1909
1,016,115	Walland	Jan. 30, 1912
1,437,427	Biddle	Dec. 5, 1922
1,466,241	Naemura	Aug. 28, 1923
22,788 (British)	Ellis	1898
19,853 (British)	Kelly	1910
3,336 (British)	Stern et al.	1915
26,156 (British)	Chavaissieu	1908
8,203 (British)	Triester et al.	1910
		[32]
12,890 (British)	Eberhard	1908
148,216 (British)	Knorr	Jul. 28, 1921
186,157 (British)	Schryver	Mar. 20, 1922

Number	Name	Date
375,767	(French) Plinatus	Jul. 23, 1907
461,287	(French) Mercier	Dec. 24, 1913
377,838	(German) Heinrich	June 28, 1923
16,477	REISSUE Biddle	Nov. 16, 1926
845,790	Isaacs	Mar. 5, 1907
90,301	(German) Knorr	Aug. 13, 1917
1,064,841	Yu Ying Li	June 17, 1913
30,275	(British) Yu Ying Li	Feb. 29, 1912
1,245,980	Satow)	
1,245,891	Satow)	Nov. 6, 1917
1,245,982	Satow)	
984,530	Chavassieu	Feb. 21, 1911
1,280,861	Satow)	
1,280,862	Satow)	Oct. 8, 1918
830,493	Collardon	Sept. 11, 1906
950,435	Chavassieu	Feb. 22, 1910
26,928	(British) Lilienfeld	1910
241,897	E. R. Von Portheim	May 24, 1881
414,775	A. Depont & S. DePont	1891
632,195	W. W. McLaurin	Aug 29, 1899
601,995	Felix Bauer	Apr. 5, 1898
1,143,893	Dodd & Humphries	June 22, 1915
28,307	(Japanese) Satow)	
33,092	(Japanese) Satow)	Aug. 14, 1918
33,018	(Japanese) Satow)	1918
31,331	(Japanese) Ishii	July 14, 1917
192,344	(German) Sadikoff	Jan. 4, 1906
349,885	(French) Societe Dite Le Fibrocol	1905

Further answering said bill of complaint, defendants allege and charge the fact to be: That the material sold by The Chas. H. Lilly Co. to the Kaseno Products Co. was soya bean meal in the regular and standard form in which said material is sold to the trade in large quantities for divers uses by the said Chas. H. Lilly Co. and by a large

number of manufacturers; that the Chas. H. Lilly Co. and a large number of other manufacturers engaged in like business have sold said material in like form for a long period of time and prior to the issuance of the letters patent in said bill of complaint, and that said soya bean material has been so sold by the Chas. H. Lilly Co. and by a large number of other manufacturers and has been used by the [33] trade for a long period of time and prior to the issuance of said letters patents set forth in said bill of complaint for a large number of uses other than the manufacture of adhesives; and that said soya bean material in the form and manner sold by the Chas. H. Lilly Co. to the Kaseno Products Co. is a standard article of commerce and has been for a long period of time prior to the application for or the issuance of the letters patents as set forth in plaintiff's bill of complaint.

That any said material so furnished by the defendant Chas. H. Lilly Co. to the Kaseno Products Co. was furnished in response to orders given by the Kaseno Products Co. in the regular course of business and was furnished without any recommendation or knowledge on the part of these answering defendants as to its intended use, save only that it was to be used in the manufacture of some form of adhesive; that these defendants had no control, interest or part whatever in the manufacture of said adhesive nor were these defendants in any way familiar with the processes employed by the Kaseno Products Co. in the manufacture of said adhesive.

Further answering, defendants deny that they have had any connection or part whatever in the manufacture, use, purchase or sale of any of the adhesive materials set forth in said bill of complaint, save and except the furnishing of said soya bean material in the ordinary course of business, as heretofore set forth in this answer. Defendants deny that they have ever done any act or thing or are doing any act or thing or propose doing any act or thing in violation of any alleged right belonging to the plaintiff or secured to it by letters patents referred to in said bill of complaint or that the said plaintiff is entitled to [34] an injunction either preliminary or perpetual, or to an accounting or to any other relief prayed for in said complaint.

WHEREFORE, these answering defendants pray that plaintiff's bill of complaint be dismissed and that said plaintiff may be decreed herein to pay the costs, charges and disbursements of this suit and that defendants have such other and further relief as the premises and the equity of the case may require and as to the Court may seem just.

[Seal]

THE CHAS. H. LILLY CO.,  
By FARWELL P. LILLY,  
Vice President.  
WILMOT H. LILLY.  
ALLEN & WALTHER,  
Solicitors for Defendants.

Attest:

C. F. LARSEN,  
Secretary. [35]

State of Washington,  
County of King.—ss.

Farwell P. Lilly, being first duly sworn on oath deposes and says: That he is Vice President of The Chas. H. Lilly Co., another defendant; that he makes this verification on his own behalf and on behalf of the defendant Chas. H. Lilly Co.; that he has read the foregoing answer, knows the contents thereof and that the statements therein are true of his own knowledge, except as to such facts as are stated on information and belief, and as to those he believes them to be true.

FARWELL P. LILLY.

Subscribed and sworn to before me this 11th day of March, 1930.

[Seal]

JOHN F. WALTHER,  
Notary Public in and for the State of  
Washington, residing at Seattle.

Copy received this 17th day of March, 1930.

G. WRIGHT ARNOLD,  
RAYMOND OGDEN,  
By MATHIS.

[Endorsed]: Filed Mar. 20, 1930. Ed. M. Lakin,  
Clerk. [36]

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[Title of Court and Cause.]

AMENDED ANSWER.

The defendants, Kaseno Products Co., a corporation, and George F. Linquist, now and at all times



saving and reserving unto themselves all benefit and advantage of exception which can or may be had or taken to the errors or uncertainties or other imperfections in said bill of complaint contained, for answer thereto, or unto so much of said parts thereof as said defendants are advised is or are material for them to answer unto, say as follows:

I.

Defendants admit the allegations contained in paragraphs I and II of the bill of complaint.

II.

With respect to paragraph III, defendants admit the jurisdiction of the Court, but deny each of the other allegations contained therein.

III.

With respect to paragraph IV of the bill of complaint, defendants deny that on or before October 29, 1923, or at any time, Irving F. Laucks and Glenn Davidson, of Seattle, were the original or first or joint inventors of any new or useful invention, to-wit: Vegetable Glue and Method of Making Same, purported to be set forth, or claimed, in letters patent of the United States No. 1,689,732, but admit, upon information and belief, that a certain instrument purporting to be letters patent of the United States was issued by the United States Patent Office on October 30, 1928, under Number 1,689,732, upon an application filed by

Irving F. Laucks and Glenn Davidson on October 29, 1923; but defendants are without knowledge as to what further proceedings were [37] had and taken in the matter of said application and therefore deny plaintiff's allegations in reference thereto.

Defendants further deny that the said alleged letters patent were duly or regularly applied for, prosecuted, granted, issued or delivered to said Irving F. Laucks and Glenn Davidson and further deny that thereby there was granted or secured to them, their heirs, legal representatives or assigns any sole or exclusive right to make, use or vend the said alleged invention.

Defendants further deny that the alleged invention, purported to be set forth by said letters patent, was not known or used by others before the alleged invention or discovery thereof by the said Irving F. Laucks and Glenn Davidson; nor patented nor described in any printed publication in this or any foreign country before their alleged invention or discovery thereof or for more than two years prior to the application for said letters patent, nor in public use or on sale in this country for more than two years prior to the said application and not abandoned, and deny each and every other allegation set forth and contained in said paragraph.

IV.

With respect to paragraph V of the bill of complaint, defendants are without knowledge whether on October 22, 1923, said Irving F. Laucks and Glenn Davidson, by a certain instrument in writing by them, did sell, assign, transfer and set over unto I. F. Laucks, Inc., the plaintiff herein, the full and exclusive right, title and interest in and to said letters patent No. 1,689,732, and therefore deny the alleged instrument was duly recorded in the United States Patent Office.

V.

With respect to paragraph VI of the bill of complaint, defendants deny that on or before October 29, 1923, or at any time, Irving F. Laucks and Glenn Davidson, of Seattle, were the original, or first or joint inventors of any new or useful invention, to-wit: Vegetable Glue and Method of Making Same, purported to be set forth, or claimed, in letters patent of the United States Number 1,691,661, but admit that a certain instrument purporting to [38] be letters patent of the United States was issued by the United States Patent Office on November 13, 1928, under Number 1,691,661, upon an application filed by Irving F. Laucks and Glenn Davidson on October 29, 1923; but defendants are without knowledge or information as to what further proceedings were had or taken in the matter of said application and therefore deny plaintiff's allegations in reference thereto.

Defendants further deny that the said alleged letters patent were duly or regularly applied for, prosecuted, granted, issued or delivered to said Irving F. Laucks and Glenn Davidson, and further deny that thereby there was granted or secured to them, their heirs, legal representatives or assigns any sole or exclusive right to make, use or vend the said alleged invention.

Defendants further deny that the alleged invention, purported to be set forth by said letters patent, was not known or used by others before the alleged invention or discovery thereof by the said Irving F. Laucks and Glenn Davidson; nor patented nor described in any printed publication in this or any foreign country before their alleged discovery or invention thereof or for more than two years prior to the application for said purported letters patent, nor in public use or on sale in this country for more than two years prior to the said purported application and not abandoned, and deny each and every other allegation set forth and contained in said paragraph.

## VI.

With respect to paragraph VII of the bill of complaint, defendants are without knowledge whether on March 1, 1927, said Irving F. Laucks and Glenn Davidson, by a certain instrument in writing by them, did sell, assign, transfer and set over unto I. F. Laucks, Inc., the plaintiff herein, the full and exclusive right, title and interest in

and to said letters patent No. 1,691,661, and therefore deny the alleged instrument was duly recorded in the United States Patent Office.

## VII.

With respect to paragraph VIII of the bill of complaint, defendants specifically deny each and every allegation contained [39] therein.

## VIII.

With respect to paragraph IX of the bill of complaint, defendants deny that they have committed or are now committing or threaten to continue committing any wrongful or infringing acts, as further alleged in said paragraph; and deny that they have been notified in writing or have had any knowledge of the grant, issue and delivery of said purported letters patents enumerated in said paragraph IX, and have been warned not to infringe thereon or to manufacture, sell or use adhesives embodying or containing said patented inventions.

With respect to the publication of the Timberman, appearing in said paragraph IX, defendants are without knowledge.

Further answering said paragraph IX, defendants specifically deny each and every other allegation contained therein.

## IX.

With respect to paragraph X of the bill of complaint defendants deny each and every allegation

contained therein, and deny that plaintiff has been damaged to the sum of \$100,000.00 or in any sum or amount whatsoever.

Defendants, further answering said bill of complaint, by way of affirmative defenses thereto, allege as follows:

(a) That the alleged new and useful inventions for adhesives, purported to be set forth in each of said alleged letters patents, were not patentable inventions or discoveries under the Patent Laws of the United States, in view of the known state of the art, and defendants, upon information and belief, aver that the alleged inventions or discoveries purported to be set forth in each of said alleged letters patents were well known and used prior to the alleged discovery or invention thereof by Irving F. Laucks and Glenn Davidson;

That adhesive compositions embodying and showing substantially the alleged inventions of Irving F. Laucks and Glenn [40] Davidson are further shown by various publications and letters patents issued prior to the alleged discoveries or inventions of Irving F. Laucks and Glenn Davidson, and more than two years prior to the filing of their application for patents;

That the creation of said alleged inventions came about solely through the exercise of ordinary skill; that any subsequent elaborations by way of execution of further plans and preparation of specifications of letters patents involved no more than

the exercise of ordinary skill, and that said purported letters patents, as a consequence, are invalid and void.

(b) That all material or substantial parts of said alleged inventions, as described in the specification and defined by the claims, are described in divers publications and letters patents in the United States and foreign countries prior to the date of the purported inventions thereof by the said Irving F. Laucks and Glenn Davidson, and more than two years prior to the filing of their applications for patents, including the following:

#### LETTERS PATENTS:

Number	Name	Date
1,245,975	Satow	Nov. 6, 1917
140,911 (British)	O'Gorman	Apr. 8, 1920
828,785	Isaacs	Dec. 18, 1906

#### PUBLICATIONS:

Scientific essays of Dr. Sadakichi Satow (then Professor of the Imperial University of Japan, also patentee of many patents listed herein under the name of Satow) published monthly from October, 1919 to and including September, 1920 in *Kogyu Kagaku Zashi* (Journal of Industrial Chemistry) published by *Kogyu Kagaku Kai* (the Society of Industrial Chemistry) a monthly periodical published at Tokyo, Japan, and delivered to all parts of the world; and more particularly the following portions of the essays.

November 1919	pps. 58, 69.
January 1920	pps. 2, 6, 12, 13.
May 1920	pps. 429-438.

each of the monthly essays applying to Soya Beans and the industrial and commercial uses thereof; portions of which essays have been translated and printed in English in two separate publications, as follows:

“Research on Oil and Proteids Extraction from Soy-Bean” by Sadakichi Satow, from the Technology Reports of the Tohoku Imperial University, Vol. II, No. 2 (Reprinted October, 1921); “Manufacture of Plastic Products from Proteid of Soy-Bean” by Sadakichi Satow, from the Technology Reports of the Tohoku Imperial University, Vol. III, No. 4. (Reprinted June, 1923):

(c) Defendants aver that said letters patents of [41] Irving F. Laucks and Glenn Davidson are wholly invalid and void because, for the purpose of deceiving the public, the specifications and claims filed by applicants, Irving F. Laucks and Glenn Davidson in the Patent Office were made to contain less than the whole truth relative to their inventions or discoveries; that the protein of the soya bean, and other seeds, is practically identical with the protein of milk, and the art of making high water-resistant adhesive compositions from casein is old; not only is the art of making high water-resistant adhesive compositions from casein old, but the art of making such high water-resistant adhesives, con-



sisting of caustic soda, lime, and equivalents, copper sulfate, cuprammonium compounds, copper-caustic soda compounds, and equivalents, tanning agents, sodium silicate, and equivalents, rosin, and equivalents, sulphur containing compounds, such as carbon bisulphide and equivalents, sodium phosphate, sodium perborate and sodium sulphite, and equivalents, and the combination of such salts as above enumerated with a weak acid, is old; therefore the substitution of proteins of the soya bean and other seeds for casein in which these common and well known water-proofing agents are employed is merely adapting an old art to an equivalent material; that casein reacts similar to soya bean protein in substantially all respects and is, therefore, a direct substitute and an equivalent.

(d) Defendants aver that said letters patent of Otis Johnson and of Irving F. Laucks and Glenn Davidson are wholly invalid and void because, the description of the invention in the specifications are not in such full, clear, concise, and exact terms as to enable any person skilled in the art of science to which it appertains or with which it is most nearly connected, to make, construct, compound, and use the same.

#### (e) OTHER PUBLICATIONS:

A paper read by Dr. Oskar Nagel at the Chemists' Club in New York City on Nov. 20, 1903, entitled "On Vegetable Protein", wherein a portion of said paper was devoted to a discussion of Vegetable

Casein; said paper, as read by Dr. Nagel being subsequently printed in the Journal of the Society of Chemical Industry on December 31, 1903 in Volume 22, pages 1337 and 1338, said journal referred to being published in England and having general circulation at that time in both England and the United States; that said paper dealing with vegetable casein was, later on, published in book on "Casein, Its Origin, Preparation and Properties" which book was composed by one, Robert Shearer. The book referred to was first published in 1905 in a German edition, 1906 English edition, 1911 2nd [42] English, revised and enlarged edition and 1921 3rd revised and enlarged edition. The article is herein set forth as follows, to-wit:

"For making vegetable casein, which, in its solubility, viscosity, and other properties, is equal to milk casein, I use soy-bean, which, until now, has not been used in chemical industries. This seed, being the richest casein-containing seed produced by nature, and at the same time exceedingly cheap, can be imported from China in any quantity desired. It contains 12 to 18 per cent. of an excellent edible oil, largely used in the Orient, and 30 to 40 per cent. casein. The richness in fat decreases the expense of the process considerably. For making casein the finely-ground beans are extracted nearly completely by means of benzine or any other solvent in an apparatus ordinarily in use for that purpose. Hydraulic presses may also be employed for removing the oil, but in this case the residuum will natu-

rally be richer in fat than if worked by extraction. The residue, freed from benzine, is digested at a temperature of 30° to 35°, with a 5 per cent. solution of sodium carbonate for several hours, solution being assisted by means of stirring. The solution is then filter-pressed.

The casein is now precipitated from the filtered alkaline casein solution, with continuous stirring, by means of rennet or a 5 per cent. solution of hydrochloric acid. The precipitated casein is filtered, washed, and dried in a steam-heated room at as low a temperature as possible. The benzine is removed in the extraction apparatus mentioned above, from the solution of oil in benzine, obtained in the first part of the process, and used over again."

A publication in the supplement to the *Scientific American Supplement* No. 1859, page 115, issued Aug. 19, 1911; said article being entitled "Extended Utilization of Soya Bean Products." The article is set forth herein as follows, to-wit:

"The Soya Bean, of whose growth and properties the *Scientific American* recently gave some account, is attracting increasing attention abroad because of the economic and commercial value of the products obtainable from it. Some of these preparations are important because of their alimentary value and others from [43] their industrial application.

Many Europeans have been studying the best methods of extracting the nutritive principal contained in these seeds and preserving it in con-

centrated form, with a view to its availability as part of the rations of armies and particularly of colonial troops.

A Japanese chemist, Karajama, has succeeded in preparing a concentrated "milk," a flour on the order of the Nestle preparation, and biscuits which give a maximum of alimentation with a minimum of volume.

A Chinese factory has been established not far from Paris for the purpose of manufacturing alimentary products from Soya, and it has already put upon the market Soya flour, Soya bread, Soya sauce, Soya milk, Soya cheese, preserves, fermented milk, etc.

The Indo-Chinese prepares from this plant a condensed milk, a flour, a form of Casein which constitute essential elements of the food supply of the populace.

Recently, moreover, successful experiments have been made, with this vegetable casein as a substitute for animal casein in the various industrial applications, in which the latter has been increasingly utilized.

The well-known chemist inventor, F. J. G. Beltzer, who has made careful study of the whole subject, publishes in the *Revue Scientifique*, a report of whose most important features we present an abstract, while omitting purely technical details of analysis and manufacture.

In the preparation of industrial casein, the imported casein made in Indo-China by the natives can be used by subjecting it to a process to remove the fatty matter contained, but it is found commercially advisable, because cheaper, to treat the raw product directly.

A quantitative analysis of 100 grams of the raw grain gave the following results:

Dry casein	25.55	Grains
Oils and fatty bodies	16.42	“
Dry residuary cake	29.80	“
Husks	7.85	“
Dust and impurities	7.90	“
Moisture	12.35	“
	<hr/>	
Total	99.87	“ [44]

In Cochin-China and Annam the chief food products made from Soya are vegetable milk and vegetable cheese.

The milk is obtained by crushing the previously well-soaked seeds and then macerating in about ten times their weight of water, thus obtaining a thick milky liquid. Cold water must be used, as otherwise the vegetable albumen will be coagulated and cannot be extracted.

This milk should be filtered and drunk fresh or used for making different sorts of cheese, as in the case of cows' milk or goats' milk, while the compressed cake left after filtering forms a nourishing fodder for animals.

To make the cheese, the vegetable milk is treated with a mineral salt, or an acid, which acts the part of rennet, coagulating the milk into a curd, which is drained, and washed like the curd from ordinary milk.

In Indo-China the milk is coagulated by boiling and by the addition of a powder called Tehach-Kao, which consists of a calcined selenite. A very small quantity of this causes the complete coagulation of large quantities of milk.

The cheese is usually consumed fresh on the same day it is prepared, but can also be preserved by smoking and by salting.

In Annam there are three principal varieties of this cheese:

1. The fermented variety, of a gray or yellow color, and a taste suggesting Roquefort.
2. The white or salted variety, resembling goat's milk cheese.
3. The cooked or smoked variety, which looks like Gruyere.

In the market of Saigon the Chinese sell these white or cooked cheeses to the natives at the modest price of 10 centimes per livre. This is about one-tenth the price of Gruyere, which indicates the economic value of this highly nutritious food and suggests the [45] possibility of its future commercial importance.

For purely industrial applications it is necessary, as we have said, that the vegetable casein be entirely free from fatty matters.

In the industrial treatment of Soya, therefore, the process is somewhat different. The three objects sought are: the pure oil, the casein entirely free from oil, and the residuary cake.

The oil is extracted by pressing, and two grades are obtained. The first or purest is sold for edible purposes, while the second is useful for soap making and other manufactures where oils and fats are employed. The first-pressure oil is worth about 1.5 francs per Kilo, while the second-pressure product brings only about 0.7 francs per kilo.

The pure casein is prepared from the pulp which remains after the extraction of the oil. The milky liquid obtained by triturating the pulp with cold water, is filtered and treated with powdered gypsum. About one kilo of gypsum per 1000 liters of the liquid is used. The mixture is brought to a boil and the resulting coagulate is drained and washed in cloth filters. The casein thus obtained is dissolved in a quantity of very dilute soda solution, so weak that the reaction is either neutral or very slightly alkaline. The solution is filtered and then precipitated by acetic acid. The finely divided precipitate obtained is filtered out, washed on the filter and finally dried at a low temperature.

The casein thus obtained is white, and from an industrial point of view, very pure. It is insoluble

in water, but soluble in dilute caustic alkalies and in ammonia. It exhibits almost precisely the same properties as the casein obtained from ordinary milk. It is found on experiment to be susceptible of the same industrial applications as animal casein, and may come to largely supersede this because of lower cost.

Among the various uses to which it may be applied we may mention its employment in painting, and for the preparation of products having a resistance to a moisture. [46]

It may be used also for the sizing of paper, which consumes such large quantities of ordinary casein. Being soluble in ammonia and caustic solutions it is capable of forming a smooth and solid size.

Other uses are in certain manufacturing processes in the preparation of silks and artificial textiles, as well as of rubber, leathers, plastic materials, films, photographic emulsions, etc. Large amounts of animal casein are at present employed in the manufacture of 'galalith,' from which are made numerous objects which imitate articles made from ivory, tortoise-shell, bone, horn, etc. The Soya casein, when free from fats, is equally well adapted for these purposes.

Formol acts upon this casein in the same way as an ordinary casein, rendering it insoluble. Hence it may be used for the water-proofing of fabrics, straw hats, etc., as well as for the preparation of sizes and dressings.



Chevalott gives a formula for the foregoing purposes.

To 40 parts of casein in 200 parts of water is added dilute milk of lime (1 part CaO), 20 parts of soap, and 240 parts of water. The fabric is impregnated with this solution and then dried, afterwards being passed through a bath of aluminium acetate. It is then washed with water at 90 deg. C. and dried.

Straw which is impregnated with an ammoniacal solution of vegetable casein, then dried and finally subjected to formaldehyde vapors at a temperature of 80 deg. to 90 deg. C., becomes impermeable to water.

A solution of vegetable casein and borax can be successfully utilized in the process of calico printing.

It will be seen from the foregoing resume that the fabrication of vegetable casein for industrial purposes has immense possibilities, only exceeded in importance by the alimentary value of its food products for man and beasts.

The residuary cake left after the extraction of both oil and casein still retains sufficient nutritive qualities to be useful as an addition to the feed of animals." [47]

Cements, Glues, Pastes, Muscilages and Adhesives, Chapter 6, pages 271 to 336, appearing in *Scientific American, Cyclopedia of Formulas*, by

Hopkins, published in English by Munn & Co., Inc., of New York in 1911.

Soya-Bean Curd, an Important Oriental Food Product, taken from the Philippine Journal of Science, 1912, A., Volume 7.

A Textbook of Paper Making by C. F. Cross and E. J. Bevan, 3d Ed., published by E. & F. N. Spon. Ltd., London, and Spon & Chamberlain, New York, 1907, p. 23.

Wood Pulp by C. F. Cross and others, published by D. Van Nostrand Company, New York, 1911, pp. 38-40, 45, 50-51, 242-249.

Cellulose by C. F. Cross & E. J. Bevan, published by Longmans, Green & Company, London, 1916, pp. 25-27, 247-248, 318.

Chemistry and Technology of Gelatin and Glue, by R. H. Bogue, published by McGraw Hill Company, New York, 1922, pp. 319-344.

Cellulose, Cellulose Products and Artificial Rubber, by Bersch (authorized translation from German 1904) pp. 14-15, 16, 119-161.

Nitrocellulose Industry, E. C. Worden, published by D. Van Nostrand Company, New York, 1911, Vol. 2, pp. 1055-1113.

Bulletin No. 439, U. S. Dept. of Agriculture, Dec. 22, 1916. [48]

(f) Also in many other letters patents and publications not definitely known to the defendants, definite allegations concerning which, when dis-

covered hereafter, defendants pray leave of Court to incorporate herein by suitable amendment hereto.

(g) That during the pendency in the U. S. Patent Office of the aforesaid applications of Irving F. Laucks and Glenn Davidson, that subsequently matured into patents, said applicants so limited the claims of their patents in order to obtain favorable consideration of the same, that they cannot now ask for or obtain an interpretation of these claims which will bring the other defendants adhesive composition complained of within the scope thereof; that, in view of prior patents hereinbefore and hereinafter specifically referred to, the claims in suit must be so restricted as to exclude the other defendants adhesive composition from the purview thereof; such prior patents defendants aver are the full equivalent of plaintiff's patents, such patents being as follows:

Number	Name	Date
1,020,656	Perkins	Mar. 19, 1912
1,357,310	Bloede	Nov. 2, 1920
838,785	Isaacs	Dec. 18, 1906
1,078,692	Perkins	Nov. 18, 1913
1,273,571	Bloede	Jul. 23, 1918
140,911	(British) O'Gorman	Apr. 8, 1920
1,321,480	Satow	Nov. 11, 1919
1,427,645	Satow	Aug. 29, 1922
1,321,479	Satow	Nov. 11, 1919
1,456,842	Butterman	May 29, 1923
689,023	Reigel	Dec. 17, 1901
1,412,020	Stern	Apr. 4, 1922
1,267,699	Robinson	May 28, 1918
1,373,412	Craver	Apr. 5, 1921
1,244,463	Brabrook	Oct. 30, 1917
845,791	Isaacs	Mar. 5, 1907
621,579	Marsden	Mar. 21, 1899
223,459	Vining	Jan. 13, 1880
86,398	Hirsh	Feb. 2, 1869
650,003	Bremer	May 22, 1900
725,816	Bartels	Apr. 21, 1903
883,995	Weichmann	Apr. 7, 1908
932,527	Weichmann	Aug. 31, 1909
1,016,115	Walland	Jan. 30, 1912
1,437,487	Biddle	Dec. 5, 1922
		[49]
1,466,241	Naemura	Aug. 28, 1923
22,788	(British) Ellis	1898
19,853	(British) Kelly	1910
3,338	(British) Stern et al.	1915
26,155	(British) Chaviossieu	1908
8,203	(British) Triester et al.	1910
12,890	(British) Eberhard	1908

Number	Name	Date
148,216	(British) Knorr	Jul. 28, 1921
186,157	(British) Schryver	Mar. 20, 1922
375,767	(French) Plinatus	Jul. 23, 1907
461,287	(French) Mercier	Dec. 24, 1913
377,838	(German) Heinrich	June 28, 1923
16,477	REISSUE Biddle	Nov. 16, 1926
845,790	Isaacs	Mar. 5, 1907
90,301	(German) Knorr	Aug. 13, 1917
1,064,841	Yu Ying Li	June 17, 1913
30,275	(British) Yu Ying Li	Feb. 29, 1912
1,245,980	Satow)	
1,245,891	Satow)	Nov. 6, 1917
1,245,982	Satow)	
984,539	Chavassieu	Feb. 21, 1911
1,280,861	Satow)	
1,280,862	Satow)	Oct. 8, 1918
830,493	Collardon	Sept. 11, 1906
950,435	Chavassieu	Feb. 22, 1910
26,928	(British) Lilienfeld	1910
241,897	E. R. Von Portheim	May 24, 1881
414,775	A. Depont & S. DePont	1891
632,195	W. W. McLaurin	Aug 29, 1899
601,995	Felix Bauer	Apr. 5, 1898
1,143,893	Dod & Humphries	June 22, 1915
28,307	(Japanese) Satow)	
33,092	(Japanese) Satow)	Aug. 14, 1918
33,018	(Japanese) Satow)	1918
31,331	(Japanese) Ishii	Jul. 14, 1917
192,344	(German) Sadikoff	Jan. 4, 1906
349,885	(French) Societe Dite Le Fibrocol	1905

Further answering, defendants deny that they have done any act or thing or are doing any act or thing or propose doing any act or thing in violation

of any alleged right or otherwise belonging to the plaintiff or secured to it by letters patents above referred to, or that the said plaintiff is entitled to an injunction either preliminary or perpetual or to an accounting, or to any other relief prayed for in said complaint.

WHEREFORE, these answering defendants pray that plaintiff's bill of complaint be dismissed and that said plaintiff may be decreed herein to pay the costs, charges and disbursements of this suit and that defendants have such other and further relief as the premises and the equity of the case may require [50] and as to the Court may seem just.

KASENO PRODUCTS CO.,  
By GEO. F. LINQUIST.

[Corporate Seal]

Attest:

J. Y. C. KELLOGG,  
Secretary.

J. Y. C. KELLOGG and  
RICHARD J. COOK,  
Solicitor for Defendants.

State of Washington,  
County of King.—ss.

George F. Linquist, being first duly sworn on oath, deposes and says: That he is one of the above named defendants and president of the Kaseno Products Co., another defendant; that he makes this verification on his own behalf and on behalf of said Company; that he has read the foregoing answer,

knows the contents thereof and believes the same to be true.

GEO. F. LINQUIST.

Subscribed and sworn to before me this 28th day of February, 1930.

[Seal]

J. Y. C. KELLOGG,

Notary Public in and for the State of Washington, residing at Seattle.

[Endorsed]: Filed Feb. 28, 1930. Ed. M. Lakin, Clerk. [51]

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NaOH No. 659

Pltf. Ex. 14.

Adm. 4/29

N.

1689732

The United States of America,

To All to Whom These presents shall come:

WHEREAS, Irving F. Laucks and Glenn Davidson, of Seattle, Washington, assignors to I. F. Laucks, Inc., of Seattle, Washington, a corporation of Washington, presented to the Commissioner of Patents a Petition praying for the grant of Letters Patent for an alleged new and useful improvement in Vegetable Glue and Methods of Making Same, a description of which invention is contained in the specification of which a copy is hereunto annexed and made a part hereof, and complied with the various requirements of Law in such cases made and provided, and

WHEREAS, upon due examination made the said Claimants are adjudged to be justly entitled to a patent under the Law,

Now therefore these Letters Patent are to grant unto the said I. F. Laucks, Inc., its successors or assigns for the term of seventeen years from the date of this grant the exclusive right to make, use and vend the said invention throughout the United States and the Territories thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the Patent Office to be affixed at the City of Washington, this thirtieth day of October, in the year of our Lord one thousand nine hundred and twenty-eight, and of the Independence of the United States of America the one hundred and fifty-third.

[Seal]                      THOMAS E. ROBERTSON,  
Commissioner of Patents.

Attest:

G. P. TUCKER,  
Law Examiner. [52]

Patented Oct. 30, 1928.

1,689,732

UNITED STATES PATENT OFFICE.

Irving F. Laucks and Glenn Davidson, of Seattle, Washington, Assignors to I. F. Laucks, Inc., of Seattle, Washington, a Corporation of Washington.

Vegetable Glue and Method of Making Same.  
No Drawing.



Application filed October 29, 1923.

Serial No. 671,381.

The art of making a water-proof glue from certain protein materials has been known for some time; thus casein and blood albumin are in common use. These last mentioned compounds, however, have a number of disadvantages from a practical standpoint. Casein is costly and lack of uniformity in the material as derived from various sources is a serious detriment; while blood albumin is not available except in certain situations. There is accordingly a great demand, particularly in the veneer industry where large quantities of glue are consumed, for a new glue that will be cheap and at the same time sufficiently water-proof.

By water-proof, in this connection, it is not meant that glues thus characterized will resist the action of water indefinitely, but it is meant that they are water-proof in the sense in which the term is used in the veneer industry, viz., that a panel can be soaked in cold water for from seventy-two to one hundred hours, or in boiling water for eight hours, without separation.

Vegetable compounds have not, so far as we are aware, been heretofore satisfactorily employed as a basis for waterproof glues of the type in question. It is true that some veneer makers, on account of the high price of casein, have come to use starch glues but these, at least as heretofore made, are not at all water-proof, and vegetable proteins have not heretofore been used at all, so far as we are aware.

We have now discovered, however, that by subjecting the same to proper treatment, such vegetable proteins or vegetable matter containing proteins in proper amount can be converted into a water-proof glue that will satisfy the rigid requirements of veneer or ply-wood making. The requisite raw material may be derived from a number of sources and the treatment of such material is relatively simple and inexpensive so that as a result we are able to produce a satisfactory glue at a much lower cost than has heretofore been possible.

To the accomplishment of the foregoing and related ends, the invention, then, consists of the combination of ingredients or composition of matter and the steps involved in the preparation of such composition hereinafter fully described and particularly pointed out in the claims, it being understood that such disclosed ingredients and steps constitute but several of the various ways in which the principle of the invention may be used.

We have found that soya bean flour constitutes an admirable raw material for our purpose. Such flour is preferably made by grinding soya bean cake so that 80 per cent will pass a 100 mesh screen and when treated with certain chemicals, or other substances, we make therefrom a very satisfactory glue that meets the requirements of the veneer trade fully and is in many respects better than the usual glues now on the market. Such bean cake, as analyzed by us, is found to contain on the average 45 per cent protein, 12 per cent water, 5 per cent cellu-

lose or crude fiber, 7 per cent oil, 6 per cent ash, and 25 per cent carbohydrates.

We do not, however, wish to limit ourselves to soya bean flour or to vegetable protein derived from this source for we have made satisfactory glue by our improved process from similar seed flours, or protein matter derived from such, in which there is a considerable protein content, examples of which are linseed flour, cotton seed flour, and the like; that is, soya bean flour gives the best results, but other sources of vegetable protein-containing material may be employed with proportionately advantageous results.

Soya bean flour made from soya bean cake from which the oil has been expressed, is preferably used in practice because it is cheaper and makes a better glue, but flour made from whole soya beans, without expressing the contained oil, may also be used, although obviously this would not be economical in view of the value which attaches to such oil. As to the fineness of the flour, it is not necessary that the meal be ground as fine as indicated above, but fineness is desirable from a practical standpoint.

When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resistant nor as workable. We find, however, by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained,

such caustic soda apparently playing the part of dispersing the colloidal material. The resultant glue is then somewhat similar in its working properties to casein glue, although its water resistance is still slightly less.

In practice, there is a great difference [53] between vegetable protein-containing glues made up by treatment with caustic soda as such and glues made by treatment with lime and sodium salts which by interaction may produce caustic soda. We do not at present know just why this difference exists, but it may be due to the presence of colloids, and the vegetable protein interfering with the expected interaction.

Preferably we react on our vegetable protein-containing material with both caustic soda and lime. As equivalents of such caustic soda, caustic potash and ammonia may be used, although more expensive. *Other equivalents of caustic soda are salts of soda (or potash) with weak acids, e. g., sodium phosphate, sodium borate and the like.* Similarly in place of lime, *magnesia*, baryta and strontia may be used as equivalents.

In order to improve what may be termed the working properties, of the glue produced as aforesaid as well as the water resisting properties, we have found it desirable to add other substances of which the following are examples:

Copper sulfate, cuprammonium compounds, copper caustic soda compounds. Equivalents would be other water soluble compounds of copper.

Quebracho, sumach, spruce extract (concentrated sulfite liquor). These are all commonly used tanning agents. Equivalents would be other vegetable tanning agents.

Sodium silicate, or other soluble silicates.

Rosin, sodium or calcium salts of rosin. Equivalents would be other resin or resin combinations with metals.

In general, we may say that copper salts make the glue more readily workable while at the same time increasing the water resistance; that the silicates and related compounds act as thinners while at the same time increasing the water resistance and the strength of the glue; and that rosin and derivatives thereof act as thinners and make the glue more readily workable. Substances such as the foregoing, which act as a thinner, or render the glue more readily workable, may be appropriately referred to as spreaders.

We have also found that certain substances will act *in the same way as the caustic soda and also* as thinners, e. g., sodium phosphate, sodium perborate and sodium sulphite. These salts are all related in that they are combinations of a strong base with a weak acid (as contrasted with a strong acid), and in that sense may be included in the category of alkaline materials, and there are a number of other salts that fall in the same category and which have a similar effect, so need not be listed in detail.

As examples we may cite the following typical formulae: in which, unless otherwise noted, ordinary temperatures will be understood to obtain in the mixing operations.

(1) Mix 30 parts soya bean flour, 5 parts rosin,  $1\frac{1}{2}$  parts copper sulfate, 1 part quebracho together dry; add 90 parts water and 26 parts 18 per cent caustic soda solution (or expressed more concisely in direct terms, about  $4\frac{1}{2}$  parts of caustic soda) stir well; add 6 parts calcium hydrate in 15 parts water; then add 15 parts water glass, giving finished glue.

(2) Mix 30 parts linseed flour, 70 parts water; add 13 parts 18 per cent caustic soda solution (or expressed more concisely in direct terms, about 2 parts of caustic soda) and 4 parts calcium hydrate in 20 parts water.

The particular order in which the several ingredients are admixed together in the formulae just given may be varied, and it is not necessary that the manufacture of the product be completed in a single continuous operation, but as a matter of practice we have found it desirable in certain cases to mix only certain of the ingredients initially and then add the others just before the glue is required for use. Thus, the soya bean flour or the like, the lime and chemicals may be mixed dry, and in this form be shipped to the veneer plant. There the dry material may then be made up with water and caustic soda, and sodium silicate if desired, to the finished glue.

Other modes of applying the principle of our invention may be employed instead of the one explained, change being made as regards the process herein disclosed or the materials employed in carrying out such process provided the stated ingredients and steps or the equivalent of such stated ingredients or steps be employed.

We therefore particularly point out and distinctly claim as our invention:

1. A vegetable glue composition, comprising the reaction products of a vegetable seed flour of considerable protein content and an alkali metal hydroxide as such in an aqueous medium.

2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali metal hydroxide as such in an aqueous medium.

3. A vegetable glue composition, comprising the reaction products of a vegetable seed flour of considerable protein content, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate.

4. A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate.

5. A vegetable glue composition, comprising the reaction products of vegetable seed flour of considerable protein content, caustic soda as such, and calcium hydrate in the proportions of about 30 parts of such flour, about 2-4½ parts of caustic

soda in aqueous solution and about 3–6 parts of calcium hydrate. [54]

6. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of the soya bean flour, about 2–4½ parts of caustic soda in aqueous solution, and about 3–6 parts of calcium hydrate.

7. The process of making a vegetable glue, which comprises treating a vegetable protein flour with an alkali metal hydroxide as such in an aqueous medium, the proportions of such flour and the alkali metal hydroxide being about 30 parts of flour and about 2–4½ parts of said hydroxide in aqueous solution.

8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such flour and the caustic soda being about 30 parts of the flour and about 2–4½ parts of caustic soda in aqueous solution.

9. A vegetable glue composition, comprising the reaction products of vegetable flour matter having a considerable protein content, caustic soda as such, and calcium hydrate in the proportions of about 30 parts of flour, 13 to 26 parts of an 18% caustic soda solution, and 3 to 6 parts of calcium hydrate.



10. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of flour, 13 to 26 parts of an 18% caustic soda solution, and 3 to 6 parts of calcium hydrate.

Signed by us, this 22d day of October, 1923.

IRVING F. LAUCKS.

GLENN DAVIDSON. [55]

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1691661

659 Pltf. Ex. 24

N.

Adm. 4/29.

The United States of America

To All to Whom These Presents Shall Come:

WHEREAS, Irving F. Laucks and Glenn Davidson, of Seattle, Washington, assignors to I. F. Laucks, Inc., of Seattle, Washington, a corporation of Washington, presented to the Commissioner of Patents a Petition praying for the grant of Letters Patent for an alleged new and useful improvement in Vegetable Glues and Methods of Making Same, a description of which invention is contained in the specification of which a copy is hereunto annexed and made a part hereof, and complied with the various requirements of Law in such cases made and provided, and

WHEREAS, upon due examination made the said Claimants are adjudged to be justly entitled to a Patent under the Law,

Now therefore these Letters Patent are to grant unto the said I. F. Laucks, Inc., its successors or assigns for the term of seventeen years from the date of this grant the exclusive right to make, use and vend the said invention throughout the United States and the Territories thereof.

IN TESTIMONY WHEREOF I have hereunto set my hand and caused the seal of the Patent Office to be affixed at the City of Washington this thirteenth day of November, in the year of our Lord one thousand nine hundred and twenty-eight, and of the Independence of the United States of America the one hundred and fifty-third.

[Seal]

THOMAS E. ROBERTSON,  
Commissioner of Patents.

Attest:

G. P. TUCKER,  
Law Examiner. [56]

Patented Nov. 13, 1928.

1,691,661

UNITED STATES PATENT OFFICE.

Irving F. Laucks and Glenn Davidson, of Seattle, Washington, Assignors to I. F. Laucks, Inc., of Seattle, Washington, a Corporation of Washington.

Vegetable Glue and Method of Making Same.

No Drawing. Original application filed October 29, 1923, Serial No. 671,381. Divided and this application filed March 9, 1927. Serial No. 174,093.

The art of making a water-proof glue from certain protein materials has been known for some time; thus casein and blood albumin are in common use. These last mentioned compounds, however, have a number of disadvantages from a practical standpoint. Casein is costly and lack of uniformity in the material as derived from various sources is a serious detriment; while blood albumin is not available except in certain situations. There is accordingly a great demand, particularly in the veneer industry where large quantities of glue are consumed, for a new glue that will be cheap and at the same time sufficiently water-proof.

By water-proof, in this connection, it is not meant that glues thus characterized will resist the action of water indefinitely, but it is meant that they are water-proof in the sense in which the term is used in the veneer industry, viz., that a panel can be soaked in cold water for from seventy-two to one

hundred hours, or in boiling water for eight hours, without separation.

Vegetable compounds have not, so far as we are aware, been heretofore satisfactorily employed as a basis for water-proof glues of the type in question. It is true that some veneer makers, on account of the high price of casein, have come to use starch glues but these, at least as heretofore made, are not at all water-proof, and vegetable proteins have not heretofore been used at all, so far as we are aware.

We have now discovered, however, that by subjecting the same to proper treatment, such vegetable proteins or vegetable matter containing proteins in proper amount can be converted into a water-proof glue that will satisfy the rigid requirements of veneer making. The requisite raw material may be derived from a number of sources and the treatment of such material according to our invention is relatively simple and inexpensive so that as a result we are able to produce a satisfactory glue at a much lower cost than has heretofore been possible.

To the accomplishment of the foregoing and related ends, the invention, then, consists of the combination of ingredients or composition of matter and the steps involved in the preparation of such composition hereinafter fully described and particularly pointed out in the claims, it being understood that such disclosed ingredients and steps constitute but several of the various ways in which the principle of the invention may be used.

We have found that soya bean flour constitutes an admirable raw material for our purpose. Such flour is preferably made by grinding soya bean cake so that 80 per cent will pass a 100 mesh screen and when treated with certain chemicals, or other substances, we make therefrom a very satisfactory glue that meets the requirements of the veneer trade fully and is in many respects better than the usual glues now on the market. Such bean cake, as analyzed by us, is found to contain on the average 45 per cent protein, 12 per cent water, 5 per cent cellulose or crude fiber, 7 per cent oil, 6 per cent ash, and 25 per cent carbohydrates.

We do not, however, wish to limit ourselves to soya bean flour or to vegetable protein derived from this source for we have made satisfactory glue by our improved process from a low grade wheat containing approximately 10 per cent protein and there are many other vegetable materials containing protein in amounts intermediate between the percentages thus noted as found in such soya bean flour and wheat or even lower than the percentage in such wheat that may be utilized with satisfactory results; that is, soya bean flour gives the best results, but other sources of vegetable protein-containing material may be employed with proportionately advantageous results.

Soya bean flour made from soya bean cake from which the oil has been expressed, is preferably used in practice because it is cheaper and makes a better glue, but flour made from whole soya beans,

without expressing the contained oil, may also be used, although obviously this would not be economical in view of the value which attaches to such oil. As to the fineness of the flour, it is not necessary that the meal be ground as fine as indicated above, but fineness is desirable from a practical standpoint.

When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resist- [57] ant nor as workable. We find, however, by the use of caustic soda with such vegetable protein containing matter, a much better glue is obtained, such caustic soda apparently playing the part of dispersing the colloidal material. The resultant glue is then somewhat similar in its working properties to casein glue, although its water resistance is still slightly less.

Desirably we employ an agent which responds to the following test, viz., if said agent is placed in dilute water solution, it furnishes hydroxyl ions. Compounds responding to this test are commonly called alkaline compounds and in water solution would provide an alkaline medium. Preferably we react on our vegetable protein-containing material with both caustic soda and lime. As equivalents of such caustic soda, caustic potash and ammonia may be used, although more expensive. Other equivalents of caustic soda are salts of soda (or potash)

with weak acids, e. g., sodium phosphate, sodium borate and the like. Similarly in place of lime, magnesia, baryta and strontia may be used as equivalents.

In order to improve the working properties, e. g., the spreading and flow, of the glue produced as aforesaid as well as the water resisting properties, we have found it desirable to add other substances of which the following are examples:

Carbon bisulphide, calcium polysulphide. Equivalents would be other sulphur compounds of like properties or constitution, such as, for example, sodium thiocarbonate and potassium xanthate, sodium silicate, or other soluble silicates.

In general carbon-bisulphide imparts very great water resisting properties, as does also calcium polysulphide, although to a lesser degree, that is, for good practical effects sulphur-containing compounds like carbon bisulphide which in the composition with the vegetable protein matter provide sulphur derivatives of carbonic acid are most desirably employed,—such sulphur derivatives of carbonic acid constituting a regularly recognized classification in standard chemical authorities, such, for example, as Richter, *Organic Chemistry*, 1916, Volume I, page 431, and Julius Schmidt, *Organic Chemistry*, page 298.

In connection with this general treatment, we also bring the vegetable protein-containing matter into a dispersed condition; that is, the state attained

in the transformation of a mealy-like or granular mass to a more or less smooth mass in the presence of a liquid, and to such extent as we thus refer to the degree of subdivision of particles we believe that we are using the term dispersion not inconsistently with the accepted usage of colloid chemists.

We have also found that certain substances will act in the same way as the caustic soda and also render the product of a very desirable consistency, e. g., sodium phosphate, sodium perborate and sodium sulphite. These salts are all related in that they are combinations of the strong base sodium with a weak acid and there are a number of other salts that fall in the same category and which have a similar effect, so need not be listed in detail.

As examples we may cite the following typical formulæ:

1. Mix 30 parts soya bean flour with 120 parts water; add 13 parts of 18 per cent caustic soda solution and mix; 5 parts carbon bisulphide are then added and stirred well; to this 3 parts calcium hydrate are added and stirred in; then 15 parts water glass (sodium silicate) are stirred in; finally, add 1 part copper sulphate to 5 parts of water and stir in. This makes the finished glue, which is then spread on panels, for example, put under pressure for several hours, whereupon the pressure may be released.



2. Dry mix 900 parts peanut flour; 90 parts sodium carbonate; 54 parts lime; and  $67\frac{1}{2}$  parts sodium flouride; this dry mixture is added to 1800 parts of water with stirring and then is added 18 parts lime suspended in 15 parts of water and 30 parts of carbon bisulphide; this mixture is again stirred and then to the same is added 2000 parts of water and the stirring continued for about ten minutes which provides the finished adhesive or glue.

3. The dry mixture is the same here as in Example No. 2 excepting cottonseed flour is substituted for peanut flour; to the dry mixture 1500 parts of water are added and 15 parts lime in 15 parts of water and 90 parts of sodium thiocarbonate solution; to this mixture is added 1900 parts of water, stirring the same as in Example 2; the sodium thiocarbonate solution is prepared by dissolving 320 parts of 60 per cent sodium sulphide in 1000 parts of water and adding 260 parts of carbon bisulphide.

4. Dry mix 300 parts of soya bean flour; 65 parts of lime; 30 parts of sodium carbonate;  $22\frac{1}{2}$  parts of sodium flouride; and 10 parts of boric acid; to this dry mixture is then added 650 parts of water with stirring; then 25 parts of potassium xanthate is added with stirring; next is added 400 parts of water with stirring which stirring is continued for about ten minutes.

The particular order in which the several ingredients are admixed together in the formulæ just

given may be varied and it is not necessary that the manufacture of the product be completed in a single continuous operation; but as a matter of practice we have found it desirable in certain cases to mix only certain of the ingredients initially and then add the others just before the glue is required for use, [58] that is, the dry ingredients or, as the same may be called, the dry mix of the above examples may be supplied to the user unassociated with the liquid ingredients and the liquid ingredients then added by the user at the time he wishes to prepare the adhesive.

It will also be understood, of course, that the foregoing formulæ are typical and that many variations are actually made therein in the compounding of our improved glue.

This application is a division of our application, Serial No. 671,381, filed Oct. 29, 1923.

Other modes of applying the principle of our invention may be employed instead of the one explained, change being made as regards the process herein disclosed or the materials employed in carrying out such process provided the stated ingredients and steps or the equivalent of such stated ingredients or steps be employed.

We therefore particularly point out and distinctly claim as our invention:

1. An adhesive which comprises the reaction products of vegetable protein matter, an aqueous alkaline medium, and a small proportion of a sul-

phur-containing compound which provides a sulphur derivative of carbonic acid.

2. An adhesive which comprises the reaction products of vegetable protein matter, an aqueous caustic soda medium, and a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

3. An adhesive which comprises the reaction products of vegetable protein matter, an aqueous caustic soda-lime medium, and a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

4. An adhesive which comprises the reaction products of soya bean protein matter, an aqueous alkaline medium, and a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

5. An adhesive which comprises the reaction products of soya bean protein matter, an aqueous caustic soda medium, and a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

6. An adhesive which comprises the reaction products of soya bean protein matter, an aqueous caustic soda-lime medium, and a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

7. An adhesive which comprises the reaction products of vegetable protein matter, an aqueous

alkaline medium, and a small proportion of carbon bisulphide.

8. An adhesive which comprises the reaction products of vegetable protein matter, an aqueous caustic soda medium, and a small proportion of carbon bisulphide.

9. An adhesive which comprises the reaction products of vegetable protein matter, an aqueous caustic soda-lime medium, and a small proportion of carbon bisulphide.

10. An adhesive which comprises the reaction products of soya bean protein matter, an aqueous alkaline medium, and a small proportion of carbon bisulphide.

11. An adhesive which comprises the reaction products of soya bean protein matter, an aqueous caustic soda medium, and a small proportion of carbon bisulphide.

12. An adhesive which comprises the reaction products of soya bean protein matter, an aqueous caustic soda-lime medium, and a small proportion of carbon bisulphide.

13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a water-proofing agent.

14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the propor-

tions of about five parts and about thirty parts respectively.

15. In an aqueous vegetable protein-containing adhesive an ingredient which functions as a water-resistance-increasing agent, the same being the reaction product of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

16. In an aqueous vegetable protein-containing adhesive an ingredient which functions as a water-resistance-increasing agent, the same being the reaction product of carbon bisulphide therewith.

17. In an aqueous soya bean protein-containing adhesive an ingredient which functions as a water-resistance-increasing agent, the same being the reaction product of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

18. In an aqueous soya bean protein-containing adhesive an ingredient which functions as a water-resistance-increasing agent, the same being the reaction product of carbon bisulphide therewith.

19. In the process of making an adhesive, the step of reacting upon alkaline treated vegetable protein matter in an aqueous medium with a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

20. In the process of making an adhesive, the step of reacting upon alkaline treated vegetable

protein matted in an aqueous medium with a small proportion of carbon bisulphide.

21. In the process of making an adhesive, the step of reacting upon alkaline treated soya bean protein matter in an aqueous medium with a small proportion of a sulphur- [59]containing compound which provides a sulphur derivative of carbonic acid.

22. In the process of making an adhesive, the step of reacting upon alkaline treated soya bean protein matter in an aqueous medium with a small proportion of carbon bisulphide.

23. The process of making an adhesive, comprising subjecting vegetable protein matter to an aqueous alkaline medium of a strength which will chemically react with such protein matter in the presence of a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

24. The process of making an adhesive, comprising reacting upon vegetable protein matter in an aqueous caustic soda medium with a small proportion of sulphur-containing compound which provides a sulphur derivative of carbonic acid.

25. The process of making an adhesive, comprising reacting upon vegetable protein matter in an aqueous caustic soda-lime medium with a small proportion of a sulphur containing compound which provides a sulphur derivative of carbonic acid.

26. The process of making an adhesive, comprising subjecting soya bean protein matter to an aqueous alkaline medium of a strength which will chemically react with such protein matter in the presence of a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

27. The process of making an adhesive, comprising reacting upon soya bean protein matter in an aqueous caustic soda medium with a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

28. The process of making an adhesive, comprising reacting upon soya bean protein matter in an aqueous caustic soda-lime medium with a small proportion of a sulphur-containing compound which provides a sulphur derivative of carbonic acid.

29. The process of making an adhesive, comprising subjecting vegetable protein matter to an aqueous alkaline medium of a strength which will chemically react with such protein matter in the presence of a small proportion of carbon bisulphide.

30. The process of making an adhesive, comprising reacting upon vegetable protein matter in an aqueous caustic soda medium with a small proportion of carbon bisulphide.

31. The process of making an adhesive, comprising reacting upon vegetable protein matter in an aqueous caustic soda-lime medium with a small proportion of carbon bisulphide.

32. The process of making an adhesive comprising subjecting soya bean protein matter to an aqueous alkaline medium of a strength which will chemically react with such protein matter in the presence of a small proportion of carbon bisulphide.

33. The process of making an adhesive, comprising reacting upon soya bean protein matter in an aqueous caustic soda medium with a small proportion of carbon bisulphide.

34. The process of making an adhesive, comprising reacting upon soya bean protein matter in an aqueous caustic soda-lime medium with a small proportion of carbon bisulphide.

35. The process of making an adhesive, comprising subjecting vegetable protein matter to an aqueous alkaline medium of a strength which will chemically react with such protein matter in the presence of a small proportion of a liquid sulphur-containing compound which provides a sulphur derivative of carbonic acid.

36. The process of making an adhesive, comprising reacting upon vegetable protein matter in an aqueous caustic soda medium with a small proportion of liquid sulphur containing compound which provides a sulphur derivative of carbonic acid.

37. The process of making an adhesive, comprising reacting upon vegetable protein matter in an aqueous caustic soda-lime medium with a small proportion of a liquid sulphur-containing compound



which provides a sulphur derivative of carbonic acid.

38. The process of making an adhesive, comprising subjecting soya bean protein matter to an aqueous alkaline medium of a strength which will chemically react with such protein matter in the presence of a small proportion of a liquid sulphur containing compound which provides a sulphur derivative of carbonic acid.

39. The process of making an adhesive, comprising reacting upon soya bean protein matter in an aqueous caustic soda medium with a small proportion of a liquid sulphur-containing compound which provides a sulphur derivative of carbonic acid.

40. The process of making an adhesive, comprising reacting upon soya bean protein matter in an aqueous caustic soda-lime medium with a small proportion of a liquid sulphur-containing compound which provides a sulphur derivative of carbonic acid.

Signed by us this first day of March, 1927.

IRVING F. LAUCKS.

GLENN DAVIDSON. [60]

## CERTIFICATE OF CORRECTION.

Patent No. 1,691,661. Granted November 13, 1928 to  
IRVING F. LAUCKS ET AL.

It is hereby certified that error appears in the printed specification of the above numbered patent requiring correction as follows: Page 2, line 37, after the word "xanthate" strike out the comma, insert a period, and capitalize the "s" in "sodium"; and that the said Letters Patent should be read with these corrections therein that the same may conform to the record of the case in the Patent Office.

Signed and sealed this 5th day of February, A.  
D. 1929.

[Seal]

M. J. MOORE,  
Acting Commissioner of Patents. [61]

[Endorsed]: 659. Pltf. Ex. 15. Adm. 5/1.

In re: Patent No. 1,689,732.

In the United States Patent Office.

Granted October 30, 1928.

I. F. LAUCKS, and GLENN DAVIDSON.

For VEGETABLE GLUE AND METHOD OF  
MAKING SAME.

DISCLAIMER.

To the Commissioner of Patents:

Your petitioner, I. F. Laucks, Inc., a corporation organized and existing under and by virtue of the laws of the State of Washington, having its prin-

incipal place of business at Seattle, Washington, represents that in the matter of the above identified Letters Patent of the United States, it is the assignee of the entire right, title and interest thereto, said assignment having been recorded on October 29, 1923, in Liber I 120, page 299 of Transfers of Patents, and that it has reason to believe that through inadvertence, accident or mistake, and without any fraudulent or deceptive intention, the specification, out of which other applications were divided, was allowed to embody more terms and clauses than correctly applied to the subject matter of the above identified invention retained as the particular invention of the above named Letters Patent. Your petitioner therefore hereby enters this disclaimer to that part of the said specification as is herein below specifically set forth and to any interpretation of the claims which possibly might be interpreted to include any of such disclaimed matter:

Page 2, line 13, cancel "and ammonia." Ammonia is not an equivalent of caustic soda as such and since caustic soda as such is retained as the specific invention of the application serial number 671,381, the reference to ammonia was incorrectly allowed to remain in the said application.

Page 2, lines 14-17, cancel "other equivalents of caustic soda are salts of soda (or potash) with seak acids, e. g., [62] sodium phosphate, sodium borate and the like."

Page 2, line 18, cancel "magnesia."

Page 2, line 51, cancel "in the same way as the caustic soda and also."

The above explanation as set forth relative to ammonia is likewise applicable to the other parts deleted. It was an error to allow the above deleted agents to remain in the specification from which the divisional applications were made, as equivalents of caustic soda as such.

Signed at Seattle, in the County of King, State of Washington, this 22 day of April, 1930.

[Seal]

I. F. LAUCKS, Inc.

By I. F. LAUCKS,

President.

By L. W. EILERTSEN,

Secretary.

Witnesses:

C. LINDBERG,

DOROTHY C. WELCH. [63]

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Endorsed: #659. Pltf. Ex. 77. Adm. 6-2-30.

390

Department of Commerce  
United States Patent Office.

To all persons to whom these presents shall come,  
GREETING:

THIS IS TO CERTIFY that the annexed is a true copy from the records of this office of Dis-

claim, filed May 23, 1930, in the matter of the Letters Patent of Irving F. Laucks and Glenn Davidson, Assignors to I. F. Laucks, Inc.

Number 1,689,732,      Granted October 30, 1928,  
for  
Improvement in Vegetable Glues and Methods of  
Making Same.

In Testimony Whereof I have hereunto set my hand and caused the seal of the Patent Office to be affixed, at the City of Washington, this twenty-ninth day of May, in the year of our Lord, one thousand nine hundred and thirty and of the Independence of the United States of America, the one hundred and fifty-fourth.

[Seal]                      THOMAS E. ROBERTSON,  
Commissioner of Patents.

Attest:

D. ERBILSON,  
Chief of Division. [64]

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[Endorsed]: Mail Division May 23, '30, U. S. Patent Office.

In the United States Patent Office.

[Endorsed]: \$10. Rec'd. May 23, '30. C. C. U. S. Pat. Office.

[Endorsed]: Recorded U. S. Patent Office, Issue Division, May 23, 1930. Liber 1, page 270.

In re: Patent No. 1,689,732

Serial No. 671,381

Filed October 29, 1923

Granted October 30, 1928

I. F. LAUCKS, and GLENN DAVIDSON

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For VEGETABLE GLUE AND METHOD OF  
MAKING SAME  
DISCLAIMER

To the Commissioner of Patents:

Your petitioner, I. F. Laucks, Inc., a corporation organized and existing under and by virtue of the laws of the State of Washington, having its principal place of business at Seattle, Washington, represents that in the matter of the above identified Letters Patent of the United States, it is the assignee of the entire right, title and interest thereto, said assignment having been recorded on October 29, 1923 in Liber I 120, page 299 of Transfers of Patents, and that it has reason to believe that through inadvertence, accident or mistake, and without any fraudulent or deceptive intention, the specification, out of which other applications were divided, was allowed to embody more terms and clauses than correctly applied to the subject matter

of the above identified invention retained as the particular invention of the above named Letters Patent. Your petitioner therefore hereby enters this disclaimer to that part of the said specification as is herein below specifically set forth and to any interpretation of the claims which possibly might be interpreted to include any of such disclaimed matter: [65]

Page 1, line 36, cancel "vegetable proteins or."

Page 1, line 72, cancel "or to vegetable protein derived from this source."

Page 2, line 13, cancel "and ammonia." Ammonia is not an equivalent of caustic soda as such and since caustic soda as such is retained as the specific invention of the application serial number 671,381, the reference to ammonia was incorrectly allowed to remain in the said application.

Page 2, lines 14-17, cancel "other equivalents of caustic soda are salts of soda (or potash) with weak acids, e. g., sodium phosphate, sodium borate and the like."

Page 2, line 18, cancel "magnesia."

Page 2, line 51, cancel "in the same way as the caustic soda and also."

The above explanation as set forth relative to ammonia is likewise applicable to the other parts deleted beginning with page 2, lines 14-17 and ending line 51. It was an error to allow the above

deleted agents to remain in the specification from which the divisional applications were made, as equivalents of caustic soda as such.

Your petitioner disclaims any interpretation or construction of the specification or claims of the said patent which brings within the scope or import of the specification or claims of said patent chemically isolated or chemically extracted vegetable protein.

Signed at Seattle, in the County of King, State of Washington, this 15th day of May, 1930.

[Seal]

I. F. LAUCKS, INC.

By I. F. LAUCKS,

President.

By L. W. EILERTSEN,

Secretary.

Witnesses:

H. P. Banks,

Dorothy P. Welch.

[Endorsed]: Recorded, U. S. Patent Office, Issue Division, May 23, 1930. Liber 1, page 271.

Endorsed on Reverse side: Fay Oberlin /30 May 29, 1930. [66]



In the District Court of the United States for the  
Western District of Washington, Northern  
Division.

[Endorsed]: 659. Pltf. Ex. 10. Adm. 4/30.

No. 621—EQUITY.

I. F. LAUCKS, INC., a Corporation,  
Plaintiff,  
vs.

KASENO PRODUCTS CO., a Corporation,  
GEORGE F. LINQUIST, CHAS. H. LILLY  
CO., a Corporation, and WILMOT H. LILLY,  
Defendants.

### STIPULATION.

IT IS HEREBY STIPULATED by and be-  
tween the parties hereto by their respective counsel  
that the corporations named plaintiff and defend-  
ants are corporations organized and existing under  
and by virtue of the laws of Washington.

IT IS FURTHER STIPULATED that the de-  
fendant Kaseno Products Co. is engaged in the  
manufacture of adhesives or glue and that it has  
used and is now using in the manufacture of its  
adhesives or glue, among other things, the following  
ingredients:

1. Soya bean flour purchased from the de-  
fendant Chas. H. Lily Co.
2. Hydrated lime.
3. Trisodium phosphate.

4. Caustic soda as purchased in the market.
5. That up to about February 20, 1929, carbon bisulphide was used.

IT IS FURTHER STIPULATED that the user adds water.

That the motions requiring the answering of interrogatories by Kaseno Products Co., a corporation, and George F. Linquist, is hereby waived. [67]

That defendant George F. Linquist is the president and manager of the Kaseno Products Co.

Dated this 18th day of October, 1929.

G. WRIGHT ARNOLD,  
RAYMOND D. OGDEN,  
Attorneys for Plaintiff,  
J. Y. C. KELLOGG and  
RICHARD J. COOK,

Attorneys for Defendants Kaseno Products  
Co. and George F. Linquist. [68]

In the District Court of the United States for  
the Western District of Washington, Northern  
Division.

[Endorsed]: 659. Pltf. Ex. 11. Adm. 4/30.

No. 621—EQUITY.

I. F. LAUCKS, INC., a Corporation,  
Plaintiff,

vs.

KASENO PRODUCTS CO., a Corporation,  
GEORGE F. LINQUIST, CHAS. H. LILLY  
CO., a Corporation, and WILMOT H. LILLY,  
Defendants.

### STIPULATION.

IT IS HEREBY STIPULATED by and be-  
tween the parties hereto by their respective counsel  
that I. F. Laucks, Inc., and Chas. H. Lilly Co., are  
corporations organized and existing under and by  
virtue of the laws of the State of Washington.

IT IS FURTHER STIPULATED that Chas. H.  
Lilly Co., the above named defendant, on and be-  
fore March 27, 1928, sold and delivered and is now  
selling and delivering to the Kaseno Products Co.,  
a co-defendant herein, soya bean seed cake ground  
to glue specifications, that is eighty mesh or finer,  
for use in the manufacture of the adhesives or glues  
of said company.

That in view of this stipulation, the plaintiff  
waives the filing of interrogatories.

IT IS STIPULATED AND AGREED that the foregoing stipulation shall not be construed herein as an admission on the part of the said defendant Chas. H. Lilly Co., that the patents set forth in the complaint herein are valid, nor shall this stipulation be construed as a waiver of any defense the said Chas. H. Lilly Co. may have to any of the patents sued upon herein.

Dated this 25th day of November, 1929.

G. WRIGHT ARNOLD,  
 RAYMOND D. OGDEN,  
 Attorneys for Plaintiff,  
 JAY C. ALLEN,  
 ALLEN & WALTHER,  
 Attorneys for defendant  
 Chas. H. Lilly Co. [69]

(Letterhead of the Chas. H. Lilly Co.,  
 Seattle.)

[Endorsed]: 659. Pltf. Ex. 59. Adm. 5/7.

October 17, 1928.

The Arabol Manufacturing Co.,  
 110 East 42nd St.,  
 New York, N. Y.

Gentlemen:

We are manufacturers of Soya Bean Flour which is being used extensively on this Coast as a base in waterproof glue. Glue made from this material has almost entirely replaced casein glue in the manufacture of Ply wood or veneer. Formerly the

mills in this territory used practically nothing but casein glue in the manufacture of these panels but have now switched to a Soya Bean glue with which they secure as good or better adhesive at a far lower cost.

We understand you people are the largest manufacturers in the world of various adhesives and the thought occurred to us that if you are not now using Soya Bean flour in any of your products you might be interested in doing a little experimenting along this line. If you are already using this material we would be only too glad to submit samples of our product and quote you prices.

Our material is a true Soya Bean flour in every sense of the word and is not to be confused with various grades of fine ground Soya Bean meal which are sometimes offered. Our material is specially processed to remove a very large percentage of the fiber and is bolted through a flour mill process through a fineness of 100, 109, or 126 mesh. We have sold large quantities to glue manufacturers on the coast here and have shipped some to the glue manufacturers in the furniture district around Grand Rapids, Michigan, and also to various glue manufacturers on the East Coast, and in every case our product has met with their approval as to quality and uniformity, and we know that our prices are in line, and have been getting repeat business from them. We believe that if you are not now using Soya Bean Flour in any of your products it would certainly be to your interest to

investigate its use, and to that end we are glad to furnish you with what samples and information we have on the subject.

Awaiting your reply and trusting that we may be of some service to you, we are

Yours very truly,

LILLY'S-SEATTLE,  
(Sgd) S. E. VICTOR,  
By S. E. VICTOR.

SEV-PE

[Endorsed]: Rec'd (8:30) Apr. 14, 1930. (Time indicated by time stamp.)

Endorsed on reverse side: Oct. 22, 9:09 A. M., 1928. [70]

(Letterhead of the Chas. H. Lilly Co.,  
Seattle.)

[Endorsed]: 659. Pltf. Ex. 60. Adm. 5/7.  
Nov. 1, 1928.

The Arabol Manufacturing Co.,  
110 East 42nd St.,  
New York, N. Y.

Via Air Mail

Attention, Mr. A. M. Baumann:

Gentlemen:

We thank you for your letter of Oct. 23d and are glad to know that you are interested in Soya Bean Flour. We are sending you a 25 lb. bag of this material as a sample. We are sending you only

the one grade which has been processed through 100 mesh. This is the grade that is in the greatest demand in this section of the country, although we have made some flour as fine as 109 and 126 mesh. The various Glue manufacturers seem to prefer the finer mesh, however they have been buying the 100 mesh inasmuch as the cost is less.

We are pleased to quote you a price of \$65.00 per ton F. o. b. Seattle, draft terms, in car lots, on this grade; or \$70.00 per ton F. o. b. Seattle, draft terms, in less than car lots.

This is a comparatively new commodity on the market and considering the short length of time it has been used it has gained the approval of Glue manufacturers in this locality. We have been told indirectly that Laucks & Company of Seattle handle hundreds of tons of this material each month, and it is said that they are using it both for Glue and for a wall texture. Several other manufacturers on this Coast and on the East Coast are buying the material in carload lots, and one of these manufacturers who turns out nothing but glue is now using four to five cars monthly. We see great possibilities for the use of Soya Bean Flour in your territory and are pleased that you are taking an interest in it and will undoubtedly do some experimenting. We shall be pleased to hear from you as to what you think of the material and how your experiments work out.

Thanking you for the opportunity of quoting and submitting samples, and trusting that we may be of further service to you, we are

Yours very truly,

THE CHAS. H. LILLY CO.,

(Sgd) S. E. VICTOR,

SEV-PE

By S. E. VICTOR.

[Endorsed]: Rec'd Apr. 14, 1930. (Time 8:30 indicated by time stamp.)

[Endorsed on reverse side]: Nov. 5, 9:08 A. M., 1928. [71]

November 16, 1928.

[Endorsed]: 659. Pltf. Ex. 34, Adm. 4/30.

The Charles H. Lilly Company,  
1847 West Hanford,  
Seattle, Washington.

Gentlemen:

As a matter of information and notice, we wish to call your attention to two patents which have been granted and which are the property of this firm, namely:

No. 1,689,732—Dated October 30, 1928. Covering broadly the Use of Caustic Soda with Vegetable Protein Flours for Adhesive Purposes.

No. 1,691,661—Dated November 13, 1928. Covering broadly the Use of Carbon Bisulphide and like materials with Vegetable Protein Flours for Adhesive Purposes.



This letter is written under advice of counsel as legal notice of the rights of this company under these patents and further notice of the intention of this company to resort to due process of law to enforce these rights against all unlicensed manufacturers, sellers, and users of glue embodying the inventions covered by the above identified patents and against all contributory infringers.

Yours very truly,  
I. F. LAUCKS, INC.,  
By .....

HPB:DCW Vice-President.

(Post Office Receipt for Registered Article No. 38,403, and Return Card showing delivery of Registered Article No. 38,403 attached to letter.) [72]

[Endorsed]: 659. Pltf. Ex. 118. Adm. 5/28/31.

Certificate

Laucks Laboratories, Inc.  
Seattle.

March 25, 1931.  
Report No. 42,862.

I. F. Laucks, Inc.

## SAMPLE DOPE SUBMITTED

By W. F. Shelley 2/2/31

Marked—Kaseno Dope from Aircraft Plywood  
Company

Mark on Drum: G 160

T 20

N 140

Return to Kaseno Products Co.

Nitrogen (N) .....	3.42%
Nitrogen Calculated as Protein.....	21.37%
Ash .....	18.81%
Carbon Bisulphide (CS <sub>2</sub> ) Free.....	None
No Carbon Bisulphide (CS <sub>2</sub> ) off on distilling.	
On Acidifying and Distilling:	
Carbon Bisulphide (CS <sub>2</sub> ).....	3.12%
	(by weight)
Hydrogen Sulphide (H <sub>2</sub> S).....	1.00%
	(by weight)
Wood Fibre .....	Present
Calcium Oxide (CaO).....	Trace
Silica (SiO <sub>2</sub> ) .....	0.66%

The solution is strongly alkaline.

Respectfully submitted,

[Seal] LAUCKS LABORATORIES, INC.,

HFR/H By (Signed) H. F. RIPPEY. [73]

United States District Court, Western District of  
Washington, Northern Division.

No. 621—IN EQUITY.

I. F. LAUCKS, INC., a Corporation,  
Plaintiff,

vs.

KASENO PRODUCTS CO., a Corporation,  
GEORGE F. LINQUIST, CHAS. H. LILLY  
CO., a Corporation, and WILMOT H. LILLY,  
Defendants.

MEMORANDUM DECISION.

No. 659—IN EQUITY.

I. F. LAUCKS, INC., a Corporation,  
Plaintiff,

vs.

KASENO PRODUCTS CO., a Corporation,  
GEORGE F. LINQUIST, CHAS. H. LILLY  
CO., a Corporation, and WILMOT H. LILLY,  
Defendants.

MEMORANDUM DECISION.

Filed June 15, 1932.

G. WRIGHT ARNOLD, 1608 Smith Tower, Seattle,  
Washington, and RAYMOND D. OGDEN, 1018  
Alaska Bldg., Seattle, Washington,  
Attorneys for Plaintiff,

J. Y. C. KELLOGG, 828 Central Bldg., Seattle, Washington, and RICHARD J. COOK, 2004 Smith Tower, Seattle, Washington,

Attorneys and Counsel for Defendants  
Kaseno Products Co., and George F.  
Linguist,

BATTLE, HULBERT & HELSELL, 1001 Exchange Bldg., Seattle, Washington,

Associate Counsel for Defendants  
Kaseno Products Co. and George F.  
Linguist,

ALLEN & WALTHER, Rooms 216-20, 719 Second Ave., Seattle, Washington,

Attorneys for Defendants Chas. H.  
Lilly Co., and Wilmot H. Lilly. [74]

Plaintiff cites: *Abrahams vs. Universal Wire Co.*, 10 Fed. (2d) 838, 841; *American Cone & Wafer Co. vs. Denaro*, 297 Fed. 913, 918; *American Graphophone Co. vs. Leeds & Catlin Co.*, 170 Fed. 327, 331; *Asbestos Shingle, Slate & Sheathing Co. et al vs. H. W. Johns-Manville Co.*, 184 Fed. 620, 624; *Badische Anilin vs. Kalle*, 94 Fed. 163, 170, affirmed 104 Fed. 802; *Bankers Utilities Co., Inc., et al vs. Pacific National Bank et al*, 18 Fed. (2d) 16, 18; *Byerley vs. Sun Co.*, 184 Fed. 455, 456; *Carnegie Steel Co. Ltd. vs. Cambraia Iron Co.*, 185 U. S. 403 (46 L. Ed. 969); *Cochrane et al. vs. Deener et al.*, 94 U. S. 780, 792 (24 L. Ed. 139, 141); *Corona Cord Tire Co. vs. Dovan Chemical Corp.*, 276 U. S. 358 (72 L. Ed. 611, 614); *Cramer vs. Fry*, 68 Fed.

201, 206; Diamond Rubber Co. vs. Consol. Rubber Tire Co., 220 U. S. 428, 445 (55 L. Ed. 527, 532); Farbenfabriken of Elberfeld Co. vs. Kuehmsted, 171 Fed. 887, 890; affirmed in 179 Fed. 701; certiorari denied in 220 U. S. 623 (55 L. Ed. 613); Franc-Strohmenger & Cowan vs. Arthur Siegman, Inc., 25 Fed. (2d) 108, 109, 110; affirmed 27 Fed. (2d) 785; Hitchcock vs. American Plate Glass Co., 259 Fed. 948, 952; King vs. Anderson et al., 90 Fed. 500, 502, 503, 504, 505; Lawther vs. Hamilton, 124 U. S. 1, 6, 9 (31 L. Ed. 325, 327); Macon Concrete Roller Co. vs. Brooks-Callaway Co., 272 Fed. 341, 344; Matrix Contract Corporation et al. vs. Kellar, 34 Fed. (2d) 510, 513; J. A. Mohr & Son vs. Alliance Securities Co., 14 Fed. (2d) 799, 800; Norton vs. Llewellyn, 164 Fed. 693, 697; Mineral Separation vs. Miami Copper Co., 237 Fed. 609, 617; Naylor vs. Alsop Process Co., 168 Fed. 911, 917; Peters vs. Union Biscuit Co., 120 Fed. 679, 686; Rumford Chemical Works vs. New York Baking Powder Co., 134 Fed. 385, 386, 387; Schwarzwaldler et al. vs. New York Filter Co., 66 Fed. 157; William H. Seymour et al. vs. David M. Osborne, 78 U. S. 516, [75] 560 (20 L. Ed. 33, 40, 42); Skelly Oil Co. vs. Universal Oil Products Co., 31 Fed. (2d) 427; Sporting Goods Sales Co. vs. Haskell Golf Ball Co., 217 Fed. 407, 410; Daniel H. Smith vs. The Good-year Dental Vulcanite Co., 93 U. S. 486 (23 L. Ed. 952, 954, 955); Tannage Patent Co. vs. Zahn, 70 Fed. 1003, 1004; Tilghman vs. Proctor et al., 102 U. S. 707 (26 L. Ed. 279, 282); Temco Electric

Motor Co. vs. Apeo Mfg. Co., 275 U. S. 321 (72 L. Ed. 298, 300); Webster Loom Co. vs. Higgins, 105 U. S. 580 (26 L. Ed. 1177, 1181); Wilson vs. Union Tool Co., 265 Fed. 669; Wisconsin Chemical Co. vs. Chute, 261 Fed. 89, 91; Brush Electric Co. vs. Fort Wayne Electric Light Co., 40 Fed. 826, 835; Busell Trimmer Co. et al. vs. Frank M. Stevens et al., 137 U. S. 423 (34 L. Ed. 719, 723); Carson vs. American Smelting & Refining Co., 4 Fed. (2d) 463, 465, 469; certiorari denied 269 U. S. 555 (70 L. Ed. 409); Chicago Sugar Ref. Co. vs. Chas. Pope Glucose Co., 84 Fed. 977; certiorari denied 170 U. S. 703 (42 L. Ed. 1218); Clairmont Sterilized Egg. Co. vs. Kasser Egg Process Co., 14 Fed. (2d) 143, 144; Clark Thread Co. vs. Willimantic Linen Co., 140 U. S. 481 (35 L. Ed. 521, 525); Coffin vs. Ogden, 85 U. S. 120 (18 Wall. 120); Cohn vs. U. S. Corset Co., 93 U. S. 366, 370 (23 L. Ed. 907, 908, 909, 910); 3 Cokes Institutes; Consolidated Car Heating Co. vs. West End St. Ry. Co., 85 Fed. 662, 665; Corona Cord Tire Co. vs. Dovan Chemical Corp., 276 U. S. 358 (72 L. Ed. 610); 48 Corpus Juris, 28; Crozier Straub vs. Graham, 28 Fed. (2d) 321; certiorari denied 279 U. S. 840 (73 L. Ed. 987); Crozier Straub vs. Maryland Concrete Corp., 39 Fed. (2d) 126; Crozier Straub vs. Reiter, 34 Fed. (2d) 577; Deering vs. Vinona, 155 U. S. 286 (39 L. Ed. 153); A. B. Dick Co. vs. Underwood Typewriter Co., 235 Fed. 300, 305; Downton vs. Yeager Milling Co., 108 U. S. 466, 471 (27 L. Ed. [76] 789, 791); Draper et al. vs. Wattles, 81 Fed. 374; Eames vs. Andrews,

122 U. S. 40, 66 (30 L. Ed. 1064, 1073); Eibel Process Co. vs. Minnesota Ontario Paper Co., 261 U. S. 45 (67 L. Ed. 523, 533, 534); Ensign Carburetor Co. vs. Zenith Detroit Corporation, 36 Fed. (2d) 684, 686; Fairfield vs. Gallatin County, 100 U. S. 47 (25 L. Ed. 544, 547); Frost vs. Cohn, 119 Fed. 505; Gairing Tool Co. vs. Eclipse Interchangeable Counterbore Co., 48 Fed. (2d) 73 at 75; Gayler vs. Wilder, 51 U. S. 476 (10 Howard 477) (13 L. Ed. 504); General Electric Co. vs. Mallory & Co., 294 Fed. 562; affirmed in 298 Fed. 579; General Electric Co. vs. Hoskins Mfg. Co., 224 Fed. 464, 468, 471, 472; Goodwin Film & Camera Co. vs. Eastman Kodak Co., 207 Fed. 351, 360, affirmed in 213 Fed. 231; Hanifen vs. Godshalk Co., 84 Fed. 649, 651; Haynes Stellite vs. Chesterfield, 22 Fed. (2d) 635, 637; Hamolin vs. Harway Dyewood, 138 Fed. 55; Hoskins Mfg. Co. vs. General Electric Co., 212 Fed. 422, 428, affirmed in 224 Fed. 464; Incandescent Lamp Co., 159 U. S. 465 (40 L. Ed. 221, 224); International Cork Co. vs. New Process Cork Co., 6 Fed. (2d) 420; Johnson vs. Aetna Life Ins. Co., 158 Wis. 56 (147 N. W. 32); Johnson vs. Forty-Second Street, M and St. N. Ave. R. Co., 33 Fed. 499, 501; Jones Commentaries on Evidence, 2d Ed. page 34, Sec. 20; Karesh et al. vs. Shell-on Sol-ted Peanut Co., 17 Fed. (2d) 496, 500; Keystone Mfg. Co. vs. Adams, 151 U. S. 139, 144 (38 L. Ed. 103); Kokomo Fence Machinery Co. vs. Kitselman, 189 U. S. 8 (47 L. Ed. 689, 696); Lampus vs. Crozier Straub, 41 Fed. (2d) 746; Longely vs. McCeech,

80 Atl. 843; McCormick Waterpoor Cement Co. vs. Medusa Concrete W. Co., 222 Fed. 288, 290, 291; Minerals Separation vs. Hyde, 242 U. S. 261 (61 L. Ed. 286, 291); National Electric S. Co. vs. De-Forest Wireless Telegraph Co., 140 Fed. 449, 455; Newall vs. [77] Elliott, 4 C. B. M. S. at p. 293 (140 English Reports 1087 at 1097); O'Reilly vs. Morse, 56 U. S. 62 (14 L. Ed. 601, 622); Pease vs. Chicago & S. Tract. Co., 158 Ill. Appellate 446, 450; Petroleum Rectifying Co. vs. Reward Oil Co., 260 Fed. 177 at 180; certiorari denied 251 U. S. 554 (64 L. Ed. 411); Pittsburgh Iron & Steel F. Co. vs. Seaman-Sleeth Co., 248 Fed. 705, 708; Portland Telegram et al. vs. New England Fibre Blanket Co., 38 Fed. (2d) 780; Railroad Supply Co. vs. Hart Steel Co., 222 Fed. 261, 274; 244 U. S. 294 (61 L. Ed. 1148); Beitman vs. Stratler, 262 Fed. 443, 450; Rawles (ex parte) Commissioners Decisions, 1930; R. C. L. 10, Sec. 202, page 1011; Sampson Granite Co. vs. Crozier Straub, 41 Fed. (2d) 628; Schmertz Wire Glass Co. vs. Western Glass Co., 178 Fed. 977, 988; 185 Fed. 788, 793; Schumacher vs. Buttonlath Mfg. Co., 292 Fed. 522, 529, 547; Sharp vs. Tift, 2 Fed. 697; Simplex Window Co. vs. Hauser Reversible Window Co., 248 Fed. 919, 920; Smith vs. Goodyear Dental Vulcanite Co., 93 U. S. 486 (23 L. Ed. 952, 954, 955); Smokador Mfg. Co. vs. Tubular Products Co., 31 Fed. (2d) 255, 257; Statson Hospital vs. Snook-Roentgen Manufacturing Co., 245 Fed. 654; Schram Glass Mfg. Co. vs. Homer Brooke Glass Co., 263 Fed. 903; Straub vs. Camp-



bell, 259 Fed. 570, 573; Suddard vs. American Motor Co. et al., 163 Fed. 852, 857; Tannage Patent Co. vs. Zahn, 70 Fed. 1003, 1004; Teese, Lewis, & Lewis Teese Jr. vs. C. P. Huntington and Mark Hopkins, 64 U. S. 2, 14 (16 L. Ed. 479, 482); Terrill on Patents, 6th Ed. 1921, Sweet & Maxwell, Ltd. Law Publishers, page 85; U. S. Industrial Chemical Co. vs. Theroz Co., 25 Fed. (2d) 387, 390, certiorari denied 278 U. S. 608 (73 L. Ed. 534); U. S. Revised Statutes, Sec. 4888 (Title 35, U. S. C. A., Sec. 33); U. S. Revised Statutes, Sec. 4920 (Title 35, U. S. C. A., Sec. 69); Wallerstein vs. Liebmanns [78] Sons Brewing Co., 215 Fed. 915; Walker on Patents, Sec. 260, Vol. I, page 343; Weir vs. Kansas Cy. Ry. Co., 196 Pac. 442; Electro Bleaching Gas Co. vs. Paradon Engineering Co., 12 Fed. (2d) 511, 513; Goodyear vs. Day, Case No. 5569, Vol. 10, Federal Cases; Graham Paper Co. vs. International Paper Co., 46 Fed. (2d) 881, 886; Leeds & Catlin vs. Victor Talking Mach. Co., 213 U. S. 325 (53 L. Ed. 816, 820); Trico Products Corporation vs. Apco-Mossberg Corporation, 45 Fed. (2d) 594, 599; Westinghouse Electric & Mfg. Co. vs. Precise Mfg. Corp., 11 Fed. (2d) 209, 211, 212.

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Defendants, Kaseno Products Company and George W. Linqvist, in addition to any citations by Plaintiff, cite: Troy Wagon Works Co. vs. Ohio Trailer Co., 264 Fed. 347, 351; Fleischman Yeast

Co. vs. Federal Yeast Corporation, 8 Fed. (2d) 186; De Mayo Coaling Co. vs. Michener Stowage Co., 231 Fed. 736, 737; Majestic Elec. Develop. Co. vs. Westinghouse E. & Mfg. Co., 276 Fed. 676, 681; 48 C. J. 205, 206; 20 R. C. L. 1137; Lorraine vs. Townsend, 8 Fed. (2d) 673; Marvel Buckle Co. vs. Alma Mfg. Co., 180 Fed. 1002; Swain Turbine and Mfg. Co. vs. Ladd, 102 U. S. 408 (26 L. Ed. 184); Parker & Whipple Co. vs. Yale Clock Co., 123 U. S. 87 (31 L. Ed. 100, 105, 106); 48 C. J. 73; Hotchkiss vs. Greenwood, 52 U. S. 261 (11 Howard 248, 13 L. Ed. 683); Dupont vs. Dennison Mfg. Co., 18 Fed. (2d) 317; *In re Lobdell* (56 App. 91), 10 Fed. (2d) 656; New York Belting Co. vs. Sierer, 149 Fed. 756; Ambursen Hydraulic Construction Co. vs. Hydraulic Properties Co., 211 Fed. 982; Phillips vs. Detroit, 19 Fed. Cases, No. 11,100 (28 L. Ed. 532), 111 U. S. 604; Atlantic Works vs. Brady, 107 U. S. 192 (27 L. Ed. 438); Western Willite Co. vs. Trinidad Asphalt Mfg. Co., 16 Fed. (2d) 446; Rodman Chemical Co. vs. Steel Treating Equipment Co., 288 [79] Fed. 471; Westinghouse vs. Boyden Power Brake Co., 170 U. S. 537 (42 L. Ed. 1136); Tyler vs. Boston, 74 U. S. 327 (19 L. Ed. 93); Beidler vs. United States, 253 U. S. 447 (64 L. Ed. 1006); Stephens vs. Seaher, 11 App. (D. C.) 245; Rohm vs. Martin Dennis Co., 263 Fed. 388; Columbia Motor Car Co. vs. Duerr & Co., 184 Fed. 908; Panzl vs. Battle Island Paper Co., 138 Fed. 48; Great Western Mfg. Co. vs. Lowe, 13 Fed. (2d) 880; Carlton et al. vs. Bokee, 84 U. S. 463 (17 Wall. 463) (21 L. Ed. 517);

Merrill vs. Yeomans, 94 U. S. 568 (24 L. Ed. 235); I. T. S. Rubber Co. vs. Essex Rubber Co., 270 Fed. 593, 600, 601; Robinson vs. Tubular Woven Fabric Co., 248 Fed. 526; Walker on Patents, Volume I, Sec. 427; 48 C. J. 52; Barber vs. Otis Motor Sales Co., 271 Fed. 171; Lemley vs. Dobson-Evans Co., 243 Fed. 391, 396; Consolidated Ry. Co. vs. Adams & Westlake Co., 161 Fed. 343, 350; American Steel Foundries vs. Bettendorf Axle Co., 245 Fed. 571; Sirocco Engineering Co. vs. B. F. Sturtevant Co., 220 Fed. 137; 48 C. J. 40; 48 C. J. 50; Section 4922, R. S. (35 U. S. C. A., Sec. 71, page 613); Hailes vs. Albany Stove Co., 123 U. S. 582 (31 L. Ed. 284); Reed vs. Cutter, Fed. Case No. 11,645; Walker on Patents, Vol. I, Sec. 427; Silsby vs. Foote, 61 U. S. 378 (15 L. Ed. 953); Sessions vs. Romadka, 145 U. S. 29 (36 L. Ed. 609); Shepard vs. Carrigan, 116 U. S. 593 (29 L. Ed. 723); I. T. S. Rubber Co. vs. Essex Rubber Co., 272 U. S. 429 (71 L. Ed. 335); Royer vs. Coupe, 146 U. S. 524 (36 L. Ed. 1073); Vanmanen vs. Leonard, 248 Fed. 939; Marshall & Stearns Co. vs. Murphy Mfg. Co., 199 Fed. 772; Lehigh Valley R. R. Co. vs. Mellon, 104 U. S. 112 (26 L. Ed. 639); Yale Lock Mfg. Co. vs. Greenleaf, 117 U. S. 554 (29 L. Ed. 952); Safety Car Heating & L. Co. vs. Gould Coupler Co., 230 Fed. 848; Yates vs. Smith, 271 Fed. 27, affirmed in 271 Fed. 33, certiorari denied 256 U. S. 693 (65 L. Ed. 1174). [80]

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Defendants Chas. H. Lilly Co. and Wilmot H. Lilly cite additional cases as follows: Lane vs. Park,

49 Fed. 454; *Houston Electric Company vs. Ohio Brass Works*, 80 Fed. 712, 723; *Individual Drinking Cup Company vs. Errett*, 297 Fed. 733; *Edison Electric Light Company vs. Peninsular Light, Power & Heat Company*, 95 Fed. 669, 673; *Innis vs. Short*, Vol. 15, *Reports of Patent Cases*, page 449; *Geis vs. Kimber*, 36 Fed. 105.

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CUSHMAN, District Judge:

These suits are for the infringement of three patents for cold process glues. In this opinion these patents will be referred to as the "Johnson" patent, the "caustic soda" patent, and the "carbon bisulphide" patent, except where otherwise indicated.

The defendants Kaseno Products Co. and George F. Linqvist will be referred to as "the defendants."

#### JOHNSON PATENT.

The first of the three patents, in time, is the reissue of the Johnson patent of July 3, 1923, reissue number 16,422, original number 1,460,757. Claims 5 and 8 of this patent are not in suit. The claims in suit comprise both product and process claims. Claims 3 and 7 of this patent are as follows:

"3. An adhesive composition comprising the tacky substance of the soya bean, hydrated lime, and sodium fluoride."

“7. The process of making an adhesive composition which consists in extracting the oil from the soya bean, grinding the residue, and then adding to the finely ground residue, hydrated lime and sodium fluoride.”

The defendant Linquist testified:

“A. Do you want the formula for the glue?

Q. From August, 1927. I do not know what you call it. [81]

A. The glue that was turned out, it had soya meal, 65; tri-sodium phosphate, 6; sodium per borate, 1; sodium fluoride, 1; vegetable casein, 10, and lime, 18.”

The foregoing shows infringement by the defendants if this patent is valid. *Tilghman vs. Proctor et al.*, 102 U. S. 707, 731; *Hoskins Mfg. Co. vs. General Electric Co.*, 212 Fed. 422, 428; *Schram Glass Mfg. Co. vs. Homer Brooke Glass Co.*, 263 Fed. 903.

Claim 3, it has been contended, is void because the invention of the reissue patent is not the invention taught or disclosed in the original Johnson patent; that the invention disclosed in the original Johnson patent was that the soya bean contains an adhesive constituent which Johnson designated a “tacky substance”; that the file wrapper of the original patent limited the definition of “tacky substance” to nitrogenous matter; that the nitrogenous matter in the soya bean is protein; that there is no disclosure or teaching whatever in the original patent that the tacky substance is soya bean flour.

The plaintiff, after the commencement of these suits, disclaimed chemically isolated protein. No other practical method of isolation has been shown. In the specifications of the original patent it is stated:

“I have discovered from experiments that a high class waterproof adhesive, such as so-called glue, may be realized from soya beans, or rather the residue derived from soya beans after the oily content of the beans has been extracted. This residue, I have found, contains a highly valuable adhesive constituent which provides an excellent base for an adhesive formula. One feature of the same resides in the fact that *I can use either the residue as a whole*, or else to realize a high grade product, I can extract by any suitable means the adhesive constituent of the residue.

In carrying out the invention, soya beans are first pressed, or otherwise treated, to extract their oily content and the resultant pressed cake is either finely ground, *when the whole of the residue is to be used*, or else it is treated to extract the adhesive constituent when the high [82] grade adhesive is to be produced. This adhesive constituent, *or even the finely ground pressed cake*, may be considered as a base for my formula and the same, on account of its adhesive qualities, I will term a tacky substance.” (Italics the Court’s.)

In view of this disclosure it is clear the defendants' contention in this particular is not tenable.

Defendants further contend that there was no invention in substituting the protein of the soya bean in place of casein as an adhesive base; that the protein of soya bean, frequently referred to in the prior art as "vegetable casein," is practically identical with the protein of milk, or casein and its equivalent.

Upon this question, even unaided by the presumption in favor of the validity of the patent, the decided preponderance of the evidence is in plaintiff's favor. The evidence shows that with soya bean meal or flour as a glue base there is not the same uncertainty, lack of uniformity or variation in the result as there is with casein. The prior art taught the necessity of the isolation of the adhesive base. Johnson taught this was not necessary and that what had been considered largely a waste material might be used as a valuable glue base. Further reasons why this contention of the defendants is untenable it is not necessary to state.

The defendants further contend that the patent is void because of insufficiency of disclosure.

The patent specifications provide:

"I have discovered from experiments that a *high class waterproof adhesive*, such as so-called glue, may be realized from soya beans, or rather the residue derived from soya beans preferably after the oily content of the beans

has been extracted. This residue, I have found, *contains a highly valuable adhesive constituent* which provides an excellent base for an adhesive formula. One feature of the same resides in the fact that I can use [83] either the residue as a whole, or else to realize a high grade product, I can extract by any suitable means *the adhesive constituent of the residue.*

In carrying out the invention, soya beans are first pressed, or otherwise treated, to extract their oily content and the resultant pressed cake is either finely ground, when the whole of the residue is to be used, or else it is treated to extract the adhesive constituent when the *high grade adhesive* is to be produced." (Italics the Court's.)

Defendants contend that if the patent is to be held valid the specifications must fully and completely describe the method of making "this high class waterproof adhesive" and as it does not teach the method of extracting "the adhesive constituent" that the patent is invalid. The plaintiff, having disclaimed chemically isolated protein, and now suing on the claims for the finely ground soya bean cake, after oil extraction, as the adhesive base, this contention is without merit.

Defendants further contend that the patent is void because the claims are too broad, indefinite, abstract, ambiguous and vague; that it is not shown what is meant by "tacky substance" of the soya bean, and because no proportions are stated.



In the specifications it is stated:

“In carrying out the invention, soya beans are first pressed, or otherwise treated, to extract their oily content and the resultant pressed cake is either finely ground, when the whole of the residue is to be used, or else it is treated to extract the adhesive constituent when the high grade adhesive is to be produced. This adhesive constituent, or even the finely ground pressed cake, may be considered as a base for my formula and the same, on account of its adhesive qualities, I will term a tacky substance.”

\* \* \* \* \*

“, the tacky substance and the two agents named being mixed in solution. I, of course, do not confine myself to hydrated lime and sodium fluoride, as any other agents having substantially the same characteristic qualities will be sufficient. In fact, entirely different agents may be used, but I have not as yet experimented further than the agents of this character. [84] The hydrated lime is, of course, a waterproofing solvent, and the sodium fluoride is a so-called liquefying agent; in other words, it prevents the compound from drying out. I have found that the following proportions give satisfactory results: About two and one-half to three parts hydrated lime, one part sodium fluoride, about ten parts of the tacky substance, and sufficient water to make up a solution of the desired consistency.

The term adhesive, or glue, should not be construed in either the specification or claims as limited to the ordinary accepted meaning of the term, as this tacky substance may be used to advantage in calcimine formulas and other instances where a strong adhesive is not necessarily required.

\* \* \* \* \*

Soya beans, or rather the residue, may be obtained at a very nominal cost and the treatment necessary to either grind the residue when it is used as a whole, or when it is treated to extract the adhesive constituent, is very simple. Consequently the base for the formula is realized without expensive equipment or other high cost.”

The foregoing disclosures, in the particulars questioned, are sufficient to teach those familiar with the glue art.

Defendants further contend that the patent is void because of lack of invention in view of the known state of the art and that it was directly anticipated by certain patents and publications. In this opinion throughout only those patents and publications stressed in defendants’ brief as anticipations of the patents in suit will be considered. Among the patents claimed to anticipate the Johnson patent are:

United States patents number 1,245,975 to Satow, number 1,143,893 to Dodd and Humphries, number 883,995 and number 932,527 both issued to Wiechmann. These four patents are for plastics rather

than for adhesives. While the plastic art is not one entirely unrelated to the glue art it is not so nearly related as to be an analogous art whose teachings are to be considered a part of the adhesive art.

In the adhesive art—particularly in that part of [85] the art having to do with veneering and the ply-wood industry, which is here involved—while the property of cohesion in the dried glue line itself is important, in that it gives strength thereto, of no less importance is the property of adhesion by virtue of which the glue of the glue line fastens itself to each of the two surfaces between which the glue line is placed. In a plastic, while the property of adhesion may be of value where a foreign substance is carried by the plastic—as in the case of wood carpet—it is not of the same relative importance as in the glue art. These patents do not anticipate the Johnson patent.

The Johnson patent, it is further contended, was anticipated by Japanese patents number 33,092 to Satow and number 33,018 to Kishi and Tanaka. In important particulars there is a dispute between the parties as to the translation of these patents. In view of the difference in the translations and the supporting evidence it can not be said that the defendants have maintained the burden of showing that either of these patents anticipate that in suit.

The patent in suit is claimed to be anticipated by Japanese patent to Ishii number 31,331, United States patent number 1,064,841 to Yu Ling Li,

United States patent number 1,437,487 to Biddle and British patent number 30,275 to Yu Ying Li. None of these four patents are glue patents. The patent to Ishii is for a putty in which soya bean meal is mixed with oil. The patents to Yu Ling Li are for the use of soya beans in the manufacture of foods. The patent to Biddle is for a composition of matter or a compound of the nature of rubber, gutta-percha or balata. Neither of these four patents anticipate the patent in suit.

The following patents it is also claimed anticipate [86] the patent in suit: United States patents number 845,790 to Isaacs, number 1,373,412 to Craver and number 725,816 to Bartels, Swiss patent number 90,301 to Knorr and British patents number 140,911 to O’Gorman and 148,216 to Knorr.

In the patent to O’Gorman the claimed base is an isolated protein.

In the British patent to Knorr the glue base is described as “a protein compound capable of forming salts.” The specifications state:

“The new glue is a mixture of a protein substance capable of forming salts,

\* \* \* \* \*

#### Example 2.

\* \* \* \* \*

The casein can also be used in the form of cheese or curds of milk. Other protein substances forming salts may be used e. q. blood-albumen, gluten, albumoses, etc., in quantities

giving substantially the protein equivalent of the casein used in Example 1.”

\* \* \* \* \*

The substances enumerated—casein, blood-albumen and gluten—are all of animal origin and were familiar in the glue art. If it be assumed that the words of the claim—“a protein compound capable of forming salts”—or the words of the specification “protein substance capable of forming salts,” are descriptive of soya bean flour or meal, yet to hold that the patent in suit was anticipated by Knorr would be to give Knorr something which he had in general terms described in his specifications, but which he had not discovered. This the court may not do. The Incandescent Lamp Patent, 159 U. S. 465, 472; Corona Co. vs. Devan Corp., 276 U. S. 358, 385; Holland Furniture Co. vs. Perkins Glue Co., 277 U. S. 245, 257.

The Knorr Swiss patent is not materially different in this respect from the British patent.

In the United States patent to Bartels, number [87] 725,816, while linseed meal was claimed in the patent as a part of the glue base, much the greater part was described in the specifications as ordinary animal glue. This patent is for a hot process glue.

In the United States patent to Craver, number 1,373,412, as in the case of the patent to Knorr, the claim and specifications are too indefinite in the particular to which they are cited.

United States patent to Isaacs, number 845,790, teaches, insofar as the question involved in this case is concerned, the use as a glue base of protein, that is, isolated protein. The specifications state:

“By my method, I treat the proteid with lime and compounds of hydrofluoric acid, combining the compound of hydrofluoric acid, such as alkaline fluorids, with the proteid,

\* \* \* \* \*

An additional advantage due to my invention is that any ordinary animal and vegetable proteid—such as hide, glue, casein, starch, resin, gums, etc., which are commonly used for glues or sizings—are enriched and made moisture-proof by the use of the ingredients above set forth. The glues or sizings thus made are additionally fast with or without colors, and their quality of being waterproof when dry is also increased.”

None of the foregoing six patents anticipate the patent in suit.

It has been further contended that the Johnson patent was anticipated by the publications of Dr. Satow, including one entitled “Research on Oil and Proteids Extraction from Soy-Bean,” reprinted from the Technology Reports of the Tohoku Imperial University, Vol. II, No. 2, October, 1921, and another entitled “Manufacture of Plastic Products from Proteid of Soy Bean,” reprinted from the Technology Reports of the Tohoku Imperial Uni-

versity, Vol. III, No. 4, June, 1923. In so far as these publications describe an adhesive, such description is limited to the protein of the soya bean. [88] They do not anticipate the patent in suit. Claims 3 and 7 of this patent are held to be valid and infringed.

Claims 1, 2, 4 and 6 are as follows:

“1. An adhesive composition comprising the tacky substance of the soya bean, and an alkali-metal liquefying agent.”

“2. An adhesive composition comprising the tacky substance of the soya bean, and an alkali-metal liquefying agent, and a waterproofing agent.”

“4. The method of making an adhesive composition which consists in including therein the tacky substance of the soya bean.”

“6. The process of making an adhesive composition which consists in extracting the oil from the soya bean, and adding to the residue an alkali-metal liquefying agent and a waterproofing agent.”

The court will not undertake to determine the validity or scope of claims 1, 2, 4 and 6. The issues as to them, while possibly not moot, are so nearly so as to involve in their consideration somewhat the same danger as though they were. Where it is contended that a specific claim has been infringed, there is on the part of neither party to the litigation the same incentive to fully develop the

subject of a general claim as there would be, were not the specific claim alleged to be infringed.

As before stated, claims 5 and 8 are not in suit.

### CAUSTIC SODA PATENT.

United States patent number 1,689,732 to Laucks and Davidson is also in suit. The application for this patent was made by assignors of plaintiff in October, 1923, and the patent was granted in October, 1928. There are eight product claims and two process claims. Claims 9 and 10 are not in suit.

Of the ten claims in this patent the odd numbered either describe the glue base as "a vegetable seed flour of considerable protein content," "vegetable protein flour" [89] or "vegetable flour matter having a considerable protein content." In the even numbered claims the glue base is described as "the reaction products of soya bean flour." The claimed infringement in the particular of the glue base rests upon the use by defendants of soya bean flour. The court will not undertake to determine the validity or scope of any of the odd numbered claims for the same reason as that stated concerning claims 1, 2, 4 and 6 of the Johnson patent. The broadest of the remaining product claims is claim 2, which is as follows:

"2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali-metal hydroxide as such in an aqueous medium."



Claim 8, a process claim, is as follows:

“8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such flour and the caustic soda being about 30 parts of the flour and about 2-4½ parts of caustic soda in aqueous solution.”

It has been stipulated:

“IT IS FURTHER STIPULATED that the defendant Kaseno Products Co. is engaged in the manufacture of adhesive or glue and that it has used and is now using in the manufacture of its adhesives or glue, among other things, the following ingredients:

1. Soya bean flour purchased from the defendant Chas. H. Lilly Co.
2. Hydrated lime.
3. Trisodium phosphate.
4. Caustic soda as purchased in the market.
5. That up to about February 20, 1929, carbon bisulphide was used.”

The defendant Linquist testified:

“Q. At the present time how many soya bean glues is the Kaseno Products Company putting out?

A. We are making two, commercially.

Q. Do you have a special name for these glues?

A. Yes; one is No. 26 glue, and one is No. 3355.

Q. I will ask you whether or not your No. 26 glue is made up of a mixture of the following ingredients: water, soya bean meal, blood, copper sulphate, caustic soda, hydrated lime, silicate of soda, and viscose? [90]

A. It is.

Q. I will ask you whether or not your glue number 3355 is made up of the following ingredients: water, soya bean meal, caustic soda, hydrated lime, silicate of soda, viscose and hexamethylenetetramin?

A. It is.

Q. Is there hexamethylenetetramin in your No. 26 glue? I omitted that.

A. Yes."

The stipulation and the testimony of the defendant Linquist show infringement of claims 2, 4, 6 and 8 of this patent, if valid. Defendants do not seek to avoid infringement because of a restricted range in the percentage, proportion or relative amounts of the ingredients making up the glue. It is not therefore necessary to consider such question. Fullerton W. G. Ass'n vs. Anderson-Barngrover Mfg. Co., 166 Fed. 443.

It has been contended that the state of the art was such that the use of caustic soda only required the exercise of ordinary skill by those familiar with such art. At the time in question the only glue

base of a vegetable substance with which caustic soda was used was starch. Such prior use, coupled with the fact that it may also have been used in the making of glues other than those of vegetable origin, is not sufficient to overcome the presumption in favor of the validity of the patent.

It has been further contended that the patent was anticipated by earlier patents and publications.

The following patents claimed to anticipate the caustic soda patent have already been considered in connection with the Johnson patent and will not be again considered: United States patent number 1,245,975 to Satow; Japanese patent number 33,092 to Satow; Japanese patent number [91] 31,331 to Ishii and United States patent number 1,373,412 to Craver.

In addition to the foregoing it is contended that anticipation is shown by the British patent number 186,157 to Schryver; the provisional application for such patent and the Johnson re-issue patent, the same being the patent in suit already considered.

Defendants did not give notice of the Schryver patent or of the provisional application as required by Section 4920, Revised Statutes (Title 35, U. S. C. A., Section 69). *Teese et al vs. Huntingdon et al.*, 64 U. S. (23 Howard) 2; *Simplex Window Co. vs. Hauser Reversible Window Co.*, 248 Fed. 919, 920; *Morton vs. Llewellyn*, 164 Fed. 693, 694. The trial of these cases was begun in April, 1930, and was not concluded until June, 1931. If, be-

cause of the length of time from the beginning until the close of the trial, or for other reasons, the present causes are taken out of the rule of the above statute and cases, it is clear that the Schryver patent is for a plastic and, for the reasons already stated in considering the Johnson patent, does not anticipate the patent in suit. Reaching this conclusion it is not necessary to consider the effect to be given a provisional application for a British patent which, in the case of the Schryver patent alone, ante dates the application for the patent in suit by more than two years.

As already stated, it is also claimed that the caustic soda patent is anticipated by the first patent in suit—the Johnson patent. This contention rests upon the following three grounds. First, that claim 8 of the Johnson re-issue (which claim as before stated is not in suit) teaches the use of caustic soda with soya bean. This claim is as follows: [92]

“8. In a method of making glue, the steps which consist in treating protein-containing vegetable material derived from the soya bean with an alkali metal compound and lime.”

The words of the claim, “an alkali metal compound,” it is contended include caustic soda. One of the defendants’ principal witnesses, a chemist of note, testified:

“Q. Do or do not the words ‘caustic alkali,’ as used by you and other chemists, include both alkali metals and alkali earth metals?”

A. Usually we understand it to include caustic soda, caustic potash, caustic ammonium and caustic lime.

Q. Caustic soda being an alkali metal, and lime being an alkali earth metal?

A. Yes, sir."

The words of the claim, "alkali metal compound," are descriptive of caustic soda, an alkali metal hydroxide. But claim 8 of the Johnson re-issue patent is a claim not found in the original. The application for the re-issue was filed after the application for the caustic soda patent. Claim 8 of the re-issue is invalid as it includes new matter—caustic soda—which was not described in the application for the original Johnson patent. The reasons for so holding will be stated in the discussion of the defendants' next point. Therefore, claim 8, insofar as its effect is concerned as anticipating the caustic soda patent, would not relate back to the time of the original Johnson application. Revised Statutes, Sec. 4916 (Title 35, U. S. C. A., Sec. 64, and cases cited under note 53).

Defendants next contend that Johnson taught the use of caustic soda by the following in the specifications of his patents:

"I compound the tacky substance with various other agents which may be those commonly used in the manufacture of adhesives, such as hydrated lime and sodium fluoride, the tacky substance and [93] the two agents named

being mixed in solution. I, of course, do not confine myself to hydrated lime and sodium fluoride, as any other agents having substantially the same characteristic qualities will be sufficient. In fact, entirely different agents may be used, but I have not as yet experimented further than the agents of this character."

Without question caustic soda had been used in the making of starch glues. The court does not find it necessary to determine whether the evidence shows that it had "commonly" been used in the manufacture of adhesives, for the quoted description, "any other agents having substantially the same characteristic qualities" is too general and indefinite to be a teaching of caustic soda. The Incandescent Lamp Patent, 159 U. S. 465.

It is further contended that as the lime and sodium fluoride of the Johnson patent, by double decomposition, form caustic soda, the Johnson patent anticipated the patent in suit. One of the defendants' witnesses, a chemist experienced in the glue of the ply-wood industry, testified:

"Q. (By Mr. Kellogg): Shortly before the recess there was some testimony on your part, I believe, as to hydrated lime and sodium fluoride together creating or making sodium hydroxide?

A. Yes, sir.

Q. Caustic soda?

A. Yes, sir.

Q. Will that reaction take place in the presence of colloids?

A. Yes, sir."

\* \* \* \* \*

"A. When treated with caustic soda the reaction is faster and more thorough in the same length of time than with lime and sodium salts, due to the fact that you must in one case have two reactions taking place, one, a decomposition, or double decomposition between your lime and your sodium salts, producing caustic soda, and then this caustic soda reacting with the vegetable protein-containing material, and in the other case you have your caustic soda added directly, and, therefore, there is less time taken. Otherwise, the action is essentially the same." [94]

Aside from the presumption of validity of the patent in suit and from the presumption arising from the fact that the caustic soda glues drove out the double decomposition glues of Johnson, the foregoing shows that Johnson did not anticipate the patent in suit in this respect.

The two publications of Dr. Satow, claimed by defendants to anticipate the Johnson patent, they also contend anticipate the caustic soda patent and further contend that certain other published articles by Dr. Satow anticipate the caustic soda patent. In the particular in question these articles disclose

nothing further than the use of protein, and do not anticipate the caustic soda patent.

Claims 2, 4, 6 and 8 are held to be valid and to have been infringed.

### CARBON BISULPHIDE PATENT.

Latest, in time, of the patents in suit is United States patent number 1,691,661. There are forty claims in this patent. The only ones that claim specifically a glue base of soya bean flour are claims 13 and 14. In the other claims the glue base is described as "vegetable protein matter," "soya bean protein matter," "vegetable protein-containing adhesive" or "soya bean protein-containing adhesive." For the same reasons a ruling was not made concerning the validity and scope of claims 1, 2, 4 and 6 of the Johnson patent, a determination of the validity of claims other than 13 and 14 will not herein be attempted.

Claims 13 and 14 of this patent are as follows:

"13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a waterproofing agent."

"14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the proportions of about five parts and about thirty parts respectively." [95]



The ingredients used in the defendants' glues will be re-stated. As described in the stipulation they are:

- “1. Soya bean flour purchased from the defendant Chas. H. Lilly Co.
2. Hydrated lime.
3. Trisodium phosphate.
4. Caustic soda as purchased in the market.
5. That up to about February 20, 1929, carbon bisulphide was used.”

The defendant Linquist testified:

“Q. At the present time how many soya bean glues is the Kaseno Products Company putting out?

A. We are making two, commercially.

Q. Do you have a special name for those glues?

A. Yes; one is No. 26 glue, and one is No. 3355.

Q. I will ask you whether or not your No. 26 glue is made up of a mixture of the following ingredients: water, soya bean meal, blood, copper sulphate, caustic soda, hydrated lime, silicate of soda and viscose?

A. It is.

Q. I will ask you whether or not your glue No. 3355 is made up of the following ingredients: water, soya bean meal, caustic soda, hydrated lime, silicate of soda, viscose and hexamethylenetetramin?

A. It is.

Q. Is there hexamethylenetetramin in your No. 26 glue? I omitted that.

A. Yes.”

By the foregoing, infringement is shown prior to 1929 if claims 13 and 14 are valid. Separate consideration is necessary after that date on account of the defendants' use of viscose and not of carbon bisulphide. Injunctive relief should not be denied merely because a defendant no longer infringes. *Du Bois vs. Kirk*, 158 U. S. 58-65, 66; *Continental Paper Bag Company vs. Eastern Paper Bag Company*, 210 U. S. 405, affirming 150 Fed. 741; *W. A. Schleit Mfg. [96] Co. vs. Syracuse Radiator Co.*, 288 Fed. 52, affirming 278 Fed. 305, 307; *Western Electric Co. vs. Capital Telephone & Telegraph Co., et al.*, 86 Fed. 769-778; *Star Ball Player Co. vs. Baseball Display Co.*, 8 Fed. (2d) 46-49.

The evidence clearly shows that the addition of carbon bisulphide increases the water resistance of the glues in question. The defendants' first contention—that this patent is invalid—is well stated in the words of their brief:

“THE CARBON BISULPHIDE PATENT IS INVALID FOR LACK OF INVENTION.

It is the defendants' contention that by adding carbon bisulphide to soya bean glue which has been treated with caustic soda, the fibrous matter or cellulosic material in the flour is converted into viscose, and that it is this viscose

reaction which gives the resultant glue greater water resistance. The making of viscose by treating cellulosic material with caustic soda and carbon bisulphide was well-known long prior to the time the Carbon Bisulphide Patent was applied for. The defendants contend that there was no invention in converting the fibrous matter contained in soya bean flour into viscose by this well known method, and thereby making the glue more waterproof.

Plaintiff contends that the function of carbon bisulphide is not to make viscose in the glue mix, but is to make the glue more water resistant by acting upon the protein.

We will take up first our contention that the action of carbon bisulphide is a viscose reaction, and second, that this viscose reaction was well known.

(a) Carbon Bisulphide Does Not Waterproof Protein, But Acts on the Fibrous Matter, Converting the Same Into Viscose.

Plaintiff was compelled to adopt the theory that carbon bisulphide acts upon the protein. Such was the representation made to the Patent Examiner in order to secure a patent. Because of the prior art, containing patents on adhesive compositions made by treating starch and carbohydrates, including cellulose, with carbon bisulphide, the applicants, in order to obtain

any patent at all, were driven to take the position that they were attacking protein. That they unqualifiedly took this position is shown by reference to the Carbon Bisulphide file wrapper, Defendants' exhibit 'A-23.' "

Plaintiff admits that the viscose reaction was old; admits that the representation to the patent office was that [97] the increased water resistance of plaintiff's carbon bisulphide glue was due to the chemical action on the vegetable protein matter of the soya bean flour, but denies the viscose reaction in the glue of its patent. The decided preponderance of the evidence is that there is no viscose reaction in plaintiff's carbon bisulphide glue. The most conclusive proof of this probably is that the amount of caustic soda used in the glue of the patent is many times less than the amount necessary for the viscose reaction. There is no preponderance of the evidence that the water resistance of this glue is increased because of any effect of the caustic soda upon the hemi-celluloses as claimed by the defendants rather than upon the protein as taught by the carbon bisulphide patent. Even though it be assumed that a much lower concentration of caustic soda is necessary to dissolve hemi-celluloses than cellulose, yet there is no preponderance of the evidence that viscose can be made from hemi-cellulose.

In addition to the United States patent No. 1,245,975 to Satow already considered, and held to teach a plastic, the defendants contend that the carbon bisulphide patent was anticipated by the follow-

ing patents: United States patent No. 1,078,692 to Perkins, United States patent No. 1,412,020 to Stern and three patents to Chavassieu, one British No. 26,155 and two United States patents numbered 984,539 and 950,435, respectively.

The Perkins patent teaches a glue base neither of soya bean flour nor of any vegetable seed flour of considerable protein content, but of starch or carbohydrates, as is clearly shown by the following from the specifications of that patent: [98]

“The present invention in one form may be said to consist in suitably modifying the last step or operation of the processes described in said patents by prolonging the same with or without an increase in temperature, whereby the caustic soda alone acts as a substitute for the caustic soda and peroxide of soda, or as a substitute for the acid or other suitable *starch* degenerating agents, to produce in the glue-dissolving kettle itself, a series of reactions by which the viscosity, cohesiveness and adhesiveness of the *carbohydrates*, when finally dissolved shall be more or less affected simultaneously with, or in substantially the same operation as, the treatment which puts the *carbohydrate* into solution.

The success of this treatment depends to a considerable extent on the character of the *carbohydrates* used. Various *starches and flours* may be used, but in each case the treatment should be slightly modified in order to

adjust it to the particular characteristics of the raw material used. Even the same kinds of *starch* manufactured from plants of a different growth or found in a different locality, or even *starches* from the same plant separated by slightly different processes of manufacture, are found to differ sufficiently to require modification in the treatment. The *starches or flours obtained from corn, wheat, potato, sago palm and the cassava plants* have all been tried with success, but for most purposes the most convenient and economical *starches* have proven to be those derived from the cassava plant and sold on the market as *cassava flour* of the grades M-4, M-5 or 'Royal.' Examples of the process as carried out with *starches* known as cassava M-4 and cassava M-5 and Royal, will first be given and then a more general specification will be given, by which anyone skilled in the art may apply the process to *other flours and starches* and produce usable results, and by slight adjustment of this general treatment it may be readily modified to adapt itself more particularly to the *starch* in question, and produce increasingly satisfactory results, as will be understood by those skilled in the art.

\* \* \* \* \*

It will be obvious in all these examples, that the treatment has been such as to permit a portion of the caustic soda used, to act either alone or together with heat, upon the undissolved

*starch* granule, for a period depending on the strength of the caustic and the temperature used.

\* \* \* \* \*

It is therefore clear that the invention in its broader aspects is not limited to the particular *carbohydrates*, temperatures or percentages stated, nor to the use of caustic soda alone, as other *carbohydrates* such as certain grades of *celluloses* or *hemi-celluloses*, and other temperatures and percentages, and other caustics such as caustic potash and other solvents of cellulose, such as for instance sodium xanthate, sodium silicate, zinc chlorid and basic lead acetate, will readily suggest themselves to those skilled [99] in the art to meet the peculiar exigencies of each case." (Italics the Court's.)

The patent to Stern—United States patent No. 1,412,020, is also for a glue with a starch base.

None of the patents to Chavassieu, the British patent number 26,155, nor either of the two United States patents numbered 950,435 and 984,539—the latter relating to improvements in the processes of his earlier United States patent—is for a glue. In the specifications of the earlier of the United States patents it is stated:

“The proteo-cellulosic-zanthate solutions can be applied to different industrial uses such as the manufacture of thread, silk, hair filaments, pellicles, molded and compressed tissues, etc. For instance, silky threads or filaments can be

obtained by passing the substance through a draw plate and coagulating and treating the threads obtained with dilute sulfuric acid.”

None of the five foregoing patents anticipate the patent in suit.

The defendants have further contended that they have in no event infringed this patent since 1929, having in that year stopped the use of carbon bisulphide and begun the use of viscose in the making of their glues. Defendants, in their brief, state the issue in this particular as follows:

“Since claims 13 and 14, which cover flour, are limited to carbon bisulphide, it follows that neither of these claims is infringed by the glues the defendant corporation is making, inasmuch as carbon bisulphide is not an ingredient of said glues. If the use of soya bean flour and viscose does infringe the Carbon Bisulphide patent, then that patent is invalid since the use of soya bean flour and viscose is taught by the Satow patent.”

Viscose, as described by Ingo W. D. Hackh, in his *Chemical Dictionary* published by P. Blakiston's Son & Co., Inc., at page 766, is: [100]

“An extremely viscous or glutinous, syrup-like liquid obtained by treating cellulose with potassium hydroxide and carbon disulphide, from which acids precipitate cellulose. By pressing this liquid through fine openings into dilute acids the cellulose separates into fine, silky threads—viscose silk, rayon.”



From the evidence in this case it also appears that viscose is made by the use of caustic soda instead of potassium hydroxide. There is no difference between carbon bisulphide and carbon disulphide.

The specifications of the carbon bisulphide patent state:

“In order to improve the working properties, e. g., the spreading and flow of the glue produced as aforesaid as well as the water resisting properties, we have found it desirable to add other substances of which the following are examples:

Carbon bisulphide, calcium polysulphide. Equivalents would be other sulphur compounds of like properties or constitution, such as, for example, sodium thiocarbonate and potassium xanthate, sodium silicate, or other soluble silicates.”

Viscose is, within this teaching, a sulphur compound. The evidence in the case, including the conduct of defendants in substituting viscose for carbon bisulphide, shows that for the uses in question viscose is a sulphur compound with properties like those of carbon bisulphide. It is not necessary to determine whether “cellulose esters,” as the expression is used in the patent to Satow, includes viscose or not, for Satow’s patent teaches the making of a plastic and not a glue.

Claims 13 and 14 are valid and have been infringed. Infringement of the three patents in suit

is not avoided by adding to the described materials of the patents other substances not shown to radically change the composition of the patent. *Tilghman vs. Proctor, et al.*, 102 U. S. 707, 731; *Hoskins Mfg. Co. vs. General Electric Co.*, 212 Fed. 422, 428; *Schram Glass Mfg. Co. vs. Homer Brooke Glass Co.*, [101] 263 Fed. 903.

### CONTRIBUTORY INFRINGEMENT.

The defendants *Chas. H. Lilly Co.* and *Wilmot H. Lilly*, are sued for contributory infringement. It is alleged that these defendants sold to the *Kaseno Products Co.*, soya bean material adapted and intended to be employed as a substantial part of the infringing adhesive of the defendant *Kaseno Products Co.*, knowing that said material was to be used in the manufacture of the infringing adhesive; that the defendant, *Wilmot H. Lilly*, is the President of the *Chas. H. Lilly Co.*, and directs and controls all of its acts and is directly and personally in charge of conducting the infringing acts of said company of which complaint is made. The evidence has established that the defendant, *Wilmot H. Lilly*, as alleged, directs and controls the acts of his company.

It has been stipulated that these two defendants on and before the bringing of the present suits:

“Sold and delivered and is now selling and delivering to the *Kaseno Products Co.*, a co-defendant herein, soya bean seed cake ground to glue specifications, that is eighty mesh or

finer, for use in the manufacture of the adhesives or glues of said company.”

Two letters of the defendant, Chas. H. Lilly Co., were introduced in evidence. These letters are as follows:

“October 17, 1928.

The Arabol Manufacturing Co.,  
110 East 42nd St.,  
New York, N. Y.

Gentlemen:

We are manufacturers of Soya Bean Flour which is being used extensively on this Coast as a base in waterproof glue. Glue made from this material has almost entirely replaced casein glue in the manufacture of Ply wood or veneer. Formerly the mills in this territory used practically nothing but casein glue in the manufacture of these panels, but have now switched to a Soya Bean glue with which [102] they secure as good or better adhesive at a far lower cost.

We understand you people are the largest manufacturers in the world of various adhesives and the thought occurred to us that if you are not now using Soya Bean Flour in any of your products you might be interested in doing a little experimenting along this line. If you are already using this material we would be only too glad to submit samples of our product and quote you prices.

Our material is a true Soya Bean flour in every sense of the word and is not to be confused with various grades of fine ground Soya Bean meal which are sometimes offered. Our material is specially processed to remove a very large percentage of the fiber and is bolted through a flour mill process through a fineness of 100, 109, or 126 mesh. We have sold large quantities to glue manufacturers on the coast here and have shipped some to the glue manufacturers in the furniture district around Grand Rapids, Michigan, and also to various glue manufacturers on the East Coast, and in every case our product has met with their approval as to quality and uniformity, and we know that our prices are in line, and have been getting repeat business from them. We believe that if you are not now using Soya Bean Flour in any of your products it would certainly be to your interest to investigate its use, and to that end we are glad to furnish you with what samples and information we have on the subject.

Awaiting your reply and trusting that we may be of some service to you, we are

Yours very truly,

LILLY'S—Seattle.

By S. E. Victor."

SEV-PE

“Nov. 1, 1928.

The Arabol Manufacturing Co.,  
110 East 42nd St.,  
New York, N. Y.

Via: Air Mail.

Attention, Mr. A. M. Baumann:  
Gentlemen:

We thank you for your letter of Oct. 23d and are glad to know that you are interested in Soya Bean Flour. We are sending you a 25 lb. bag of this material as a sample. We are sending you only the one grade which has been processed through 100 mesh. [103] This is the grade that is in the greatest demand in this section of the country, although we have made some flour as fine as 109 and 126 mesh. The various glue manufacturers seem to prefer the finer mesh, however they have been buying the 100 mesh inasmuch as the cost is less.

We are pleased to quote you a price of \$65.00 per ton, F.o.b. Seattle, draft terms, in car lots, on this grade; or \$70.00 per ton F.o.b. Seattle, draft terms, in less than car lots.

This is a comparatively new commodity on the market and considering the short length of time it has been used it has gained the approval of glue manufacturers in this locality. We have been told indirectly that Laucks & Company of Seattle handle hundreds of tons of this material each month, and it is said that they are using it both for glue and for a wall

texture. Several other manufacturers on this Coast and on the East Coast are buying the material in carload lots, and one of these manufacturers who turns out nothing but glue is now using four to five cars monthly. We see great possibilities for the use of Soya Bean Flour in your territory and are pleased that you are taking an interest in it and will undoubtedly do some experimenting. We shall be pleased to hear from you as to what you think of the material and how your experiments work out.

Thanking you for the opportunity of quoting and submitting samples, and trusting that we may be of further service to you, we are

Yours very truly,

THE CHAS. H. LILLY CO.

SEV-PE

By S. E. Victor."

The foregoing is sufficient to show contributory infringement on the part of these defendants and to take the case out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe. The stipulation and letters show that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions. *Thomson-Houston Electric Co. vs. Ohio Brass Co.*, 80 Fed.

712, 721-723; Electro Bleaching Gas Co. vs. Paradon Engineering Co., 12 Fed. (2d) 511, 513; Trico [104] Products Corporation vs. Apco-Moseberg Corporation, 45 Fed. (2d) 594, 599; Walker on Patents, 5th Edition, Sec. 407. These defendants have also infringed the claims of the three patents which have been held valid and infringed by the other defendants.

The decree will be as herein indicated, the findings, conclusions and decree to be settled upon notice and the parties to be heard upon the question of costs at the time of settling the decree. Revised Statutes, Sec. 4922 (Title 35, U. S. C. A., Sec. 71).

The Clerk is directed to notify the attorneys for the parties of this decision.

[Endorsed]: Filed Jun. 15, 1932. Ed. M. Lakin, Clerk. [105]

In the United States District Court for the  
Western District of Washington, Northern  
Division.

In Equity

No. 659

I. F. LAUCKS, INC., a corporation,  
Defendants.

vs.

KASENO PRODUCTS CO., a corporation,  
GEORGE F. LINQUIST, CHAS. H. LILLY  
CO., a corporation, and WILMOT H. LILLY,  
Defendants,

### DECREE.

This cause came on regularly to be heard at this term of Court and was submitted on briefs by counsel for the respective parties, and the Court thereafter filed its memorandum decision or opinion; and thereupon, upon consideration thereof, IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. That the Court hereby adopts its memorandum opinion or decision filed June 15, 1932, as its findings of fact and conclusions of law herein.

2. That United States Letters Patent to Irving F. Laucks and Glenn Davidson No. 1,689,732, granted October 30, 1928, for "Vegetable Glue and Method of Making Same" as to claims 2, 4, 6, and 8 are good and valid in law, the Court making no



adjudication as to 1, 3, 5, 7,—claims 9 and 10 not being in suit.

3. That United States Letters Patent No. 1,691,661 granted to Irving F. Laucks and Glenn Davidson, November 13, 1928, for “Vegetable Glue and Method of Making Same” as to claims 13 and 14 thereof, are good and valid in law, the Court making no adjudication as to the remaining claims thereof.

4. That the respective applicants for each of said two patents named above were the true, first, original, and joint inventors of the improvements described and claimed respectively [107] in said two named Letters Patent.

5. That I. F. Laucks, Inc., a corporation, organized and existing under and by virtue of the laws of the State of Washington, is the lawful owner of said aforesaid named two Letters Patent.

6. That the defendants, Kaseno Products Co., a corporation organized and existing under and by virtue of the laws of the State of Washington, and/or George F. Linquist have and/or has infringed each of said two named Letters Patents as to the aforesaid mentioned claims of said Letters Patents, to-wit: Claims 2, 4, 6, and 8 of the United States Letters Patent to Irving F. Laucks and Glenn Davidson No. 1,689,732, granted October 30, 1928, for “Vegetable Glue and Method of Making Same” and Claims 13 and 14 of United States Letters Patent to Irving F. Laucks and Glenn David-

son, No. 1,691,661, granted November 13, 1928, for "Vegetable Glue and Method of Making Same," said claims reading respectively:

A. Letters Patent No. 1,689,732.

2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali metal hydroxide as such in an aqueous medium.

4. A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate.

6. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of the soya bean flour, about 2-4½ parts of caustic soda in aqueous solution, and about 3-6 parts of calcium hydrate.

8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such flour and the caustic soda being about 30 parts of the flour and about 2-4½ parts of caustic soda in aqueous solution. [108]

B. Letters Patent No. 1,691,661.

13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a water-proofing agent.

14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the proportions of about five parts and about thirty parts respectively.

7. That defendants Chas. H. Lilly Co., a corporation, organized and existing under and by virtue of the laws of the State of Delaware, and/or Wilmot H. Lilly have and/or has contributorially infringed each of said two named Letters Patents as to the aforesaid mentioned Claims of said Letters Patents, to-wit: Claims 2, 4, 6, and 8 of the United States Letters Patent to Irving F. Laucks and Glenn Davidson No. 1,689,732, granted October 30, 1928, for "Vegetable Glue and Method of Making Same" and Claims 13 and 14 of United States Letters Patent to Irving F. Laucks and Glenn Davidson, No. 1,691,661, granted November 13, 1928, for "Vegetable Glue and Method of Making Same," said claims being set forth in paragraph 6 hereof.

8. That a writ of perpetual injunction issue out of this Court and under the seal of this Court directed to said defendants, Kaseno Products Co., a corporation, George F. Linquist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, and each and every one of them, perpetually enjoining and restraining the said defendants, their respective officers, directors, attorneys, agents, dealers, servants, representatives, workmen, clerks, employees, sales-

men, subsidiaries, and privies, and all others acting by or under their direction or authority and those in active concert or participating with them under the pains and penalties which may fall upon them and each or any of them in case of disobedience from directly or indirectly making or [109] causing to be made, selling or causing to be sold, using or causing to be used, contributing to the making or causing to be made, contributing to the selling or causing to be sold, contributing to the using or causing to be used, and/or threatening to manufacture and/or use and/or sell adhesive, glue or glues embodying or containing the inventions patented in and by said Letters Patents and/or encouraging or abetting such acts by others, and/or conspiring to infringe directly or indirectly in any wise the inventions patented in and by said Letters Patents, to-wit:

A. United States Letters Patent No. 1,689,732, granted October 30, 1928, to Irving F. Laucks and Glenn Davidson for "Vegetable Glue and Method of Making Same" as respects Claims 2, 4, 6, and 8 thereof.

B. United States Letters Patent No. 1,691,661, granted November 13, 1928, to Irving F. Laucks and Glenn Davidson for "Vegetable Glue and Method of Making Same" as respects Claims 13 and 14 thereof.

9. That the plaintiff do recover from the said defendants, namely Kaseno Products Co., a corpo-

ration, George F. Linquist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, the profits, gains and benefits which the said defendants have respectively, jointly or severally derived, received or enjoyed by reason of their said infringement of said claims of said Letters Patents, or which may have accrued to them, jointly or severally by reason of the said infringement of said claims of said patents; and that the plaintiff do recover from the said defendants, either jointly or severally or any of them, as may upon a final accounting hereafter be determined, any and all damages which plaintiff has sustained or which may be sustained hereafter, by reason of the said infringing acts of said defen- [110] dants. Evidence relative to both the profits and/or damages and evidence relative to the joint and/or several liability of said defendants for their infringing acts will be received by the hereinafter named Master of this Court.

10. That this cause be, and the same is hereby referred to W. B. Stratton, as Master of this Court, who is hereby appointed by reason of his special ability and fitness, to ascertain, fix and state the amounts of: (a) gains and benefits derived, received or enjoyed by the said defendants, severally and/or jointly, or any of them by reason of the said infringing acts of each and all of said defendants, direct or contributory, and (b) the damages sustained by and/or accruing to the plaintiff, by reason of the said infringing acts of each and all

of said defendants, direct or contributory, and that the said defendants and each of them, their officers, directors, attorneys, agents, dealers, servants, representatives, workmen, clerks, employees, salesmen, subsidiaries, and privies are hereby directed and required to attend before the said Master, from time to time, as the said Master may require, and to produce before him such books, papers, vouchers, documents, and/or other evidentiary matters or things and to submit to such oral examination as the Master may require, and the Master is directed to report thereon with all convenient speed.

11. The plaintiff recover from the said defendants, Kaseno Products Co., a corporation, George F. Linquist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, either severally or jointly, or any of them, its costs in this Court in the amount of \$797.56, and that the plaintiff have execution against each of said defendants for said costs.

Dated at Tacoma, Washington, this 11th day of July, 1932.

EDWARD E. CUSHMAN,  
United States District Judge.

[Endorsed]: Filed Jul. 11, 1932. Ed. M. Lakin,  
Clerk. [111]

[Title of Court and Cause.]

REQUEST FOR FINDINGS.

The defendant, The Chas. H. Lilly Co., requests the court to find as follows:

I.

That the defendant, The Chas. H. Lilly Co., has not infringed any one of the claims of the patents in suit which the court holds to be good and valid in law.

II.

That The Chas. H. Lilly Co. has not contributorially infringed any one of the claims of the patents in suit which the court holds to be good and valid in law. And, The Chas. H. Lilly Co., requests the court to make the following conclusions of law:

1. That The Chas. H. Lilly Co. is entitled to a judgment and/or decree.

2. That the complainant take nothing by this action as against The Chas. H. Lilly Co., and that as to it the action be dismissed with costs.

J. C. ALLEN,  
Attorney for Defendant, The  
Chas. H. Lilly Co.

The foregoing requests were presented to the court before the court by decree made its findings, were considered and each refused and exceptions to each allowed.

EDWARD E. CUSHMAN,  
Judge.

[Endorsed]: Filed Jul. 11, 1932. Ed M. Lakin,  
Clerk. [112]

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[Title of Court and Cause.]

### REQUEST FOR FINDINGS.

The defendant, Wilmot H. Lilly, requests the court to find as follows:

#### I.

That the defendant, Wilmot H. Lilly, has not infringed any one of the claims of the patents in suit which the court holds to be good and valid in law.

#### II.

That Wilmot H. Lilly has not contributorially infringed any one of the claims of the patents in suit which the court holds to be good and valid in law. And, Wilmot H. Lilly requests the court to make the following conclusions of law:

1. That Wilmot H. Lilly is entitled to a judgment and/or decree.

2. That the complainant take nothing by this action as against Wilmot H. Lilly, and that as to him the action be dismissed with costs.

JAY C. ALLEN,  
Attorney for Defendant,  
Wilmot H. Lilly.



The foregoing requests were made to the Court before the Court by decree made its findings, were considered and each denied. Exception as to refusal as to each allowed.

EDWARD E. CUSHMAN,  
Judge.

[Endorsed]: Filed Jul. 11, 1932. Ed. M. Lakin,  
Clerk. [113]

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[Title of Court and Cause.]

### EXCEPTIONS.

The defendant Chas. H. Lilly Co., and Wilmot H. Lilly each for himself takes and preserves the following exceptions herein:

1. They except to the failure of the Court to comply with the Equity Rule 70 $\frac{1}{2}$ , and make findings of fact and conclusions of law, and also except to the Court entering a decree herein without making findings of fact and conclusions of law, as provided in Equity Rule 70 $\frac{1}{2}$ .

2. Considering the Court's memorandum opinion and/or decision filed June 15, 1932, as its findings of fact and conclusions of law, as stated in the decree, these defendants do severally, each for himself, except to such findings of fact and conclusions of law in this:

(a) To the finding of the Court that the stipulation referred to and recited by the Court on page 29 of its said memorandum opinion and/or decision at line 20 and the two letters referred to on said page 29 and on page 30, are sufficient to show contributory infringement on the part of these defendants, upon the ground and for the reasons that said finding is contrary to the [114] evidence and contrary to the law and is not supported by either the evidence or the law.

(b) Except to the finding of the Court that said stipulation referred to on page 29 of said memorandum opinion and/or decision and the two letters referred to, are sufficient to take the case out of the rule, that one who sells to an infringer an article of commerce, having ordinary uses unconnected with the product of the patent without intent to contribute to the manufacturer of such product does not infringe, upon the ground and for the reason that the same is contrary to law and the facts.

(c) Except to the finding of the Court that the stipulation and letters show that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions, upon the ground and for the reason that the same is contrary to law and to the evidence.

(d) Except to the finding and/or conclusion of the court that these defendants have infringed claims 2, 4, 6 and 8 in the patent to Laucks and Davidson, No. 1,689,732, upon the ground and for

the reason that the same is contrary to the evidence and contrary to the law; they each also except to said finding and conclusion that these defendants have infringed said claims 2, 4, 6 and 8 because said finding and/or conclusion as stated by the court in its memorandum decision, which it has adopted as its findings of fact herein, does not justify the finding of infringement by these defendants of said claims, either contributorily or otherwise, and because said finding and/or conclusion is not supported by the facts found. This exception is made as to each of said claims 2, 4, 6, and 8, separately and conjunctively.

(e) Except to the finding of the court that these defendants have infringed claims 13 and 14, of patent No. 1,691,661 granted to Laucks and Davidson, upon the ground and for the reason [115] that the same is contrary to the evidence and contrary to the law; they each also except to said finding and conclusion that these defendants have infringed said claims 13 and 14 because said finding and/or conclusion as stated by the court in its memorandum decision, which it has adopted as its finding of fact herein, does not justify the finding of infringement by these defendants of said claims, either contributorily or otherwise, and because said finding and/or conclusion is not supported by the facts found. This exception is made as to each of said claims 13 and 14, separately and not conjunctively.

3. These defendants jointly and severally and each for himself except to paragraph 2 of the decree

and to the whole thereof. This exception going as to each of said claims, separately and not conjunctively.

4. These defendants except to paragraph 3 of the decree and to the whole thereof. This exception going to each of said claims and not to them conjunctively.

5. Except to the finding of the court as to the stipulation wherein it is stipulated "that the defendant, Kaseno Products Company is engaged in the manufacture of adhesive or glue and is now using in the manufacture of its adhesive or glue, among other things, the following ingredients.

(1) Soya bean flour, purchased from the defendant Chas. H. Lilly Company \* \* \*, in so far as it finds that these excepting defendants made any such stipulation, upon the ground and for the reason that there is not evidence sustaining such finding as to these excepting defendants.

6. Except to the finding that the said stipulation, above referred to, and the testimony of the defendant Linqvist show infringement of claims 2, 4, 6 and 8 of the "costic soda" patent, being patent No. 1,689,732, upon the ground and for the reason that there is no evidence to support the same. [116]

7. Except to the refusal of the court to sustain defendants' contention or claim that said patent is anticipated by the Johnson Patent, which was in suit in cause No. 621, consolidated with this case for trial.

8. Except to the finding of the court overruling the defendants' contention that Johnson taught the use of Caustic soda by the specification in his patent, being the patent in suit No. 621, consolidated with this case for trial.

9. Except to the finding of the court refusing to sustain the contention of these defendants that the lime and sodium fluoride of the Johnson Patent forming caustic soda, by double decomposition it anticipated the patent in suit.

10. In finding that the two publications of Dr. Satow claimed by defendants to anticipate the Johnson Patent in suit in cause No. 621, which was consolidated with this case for trial, did not anticipate the caustic soda patent in suit.

11. In finding that claims 2, 4, 6, and 8 of the caustic soda patent, being patent No. 1,689,732 are valid.

12. In finding that said claims 2, 4, 6, and 8 of said caustic soda patent have been infringed.

13. In finding that claims 13 and 14 of the carbon bisulphide patent, (being patent No. 1,691,661), or either of them were valid claims.

14. In finding that claims 13 of said carbon bisulphide patent has been infringed.

15. In finding that claim 14 of said carbon bisulphide patent has been infringed.

16. In refusing to sustain defendants' contention that said carbon bisulphide patent is invalid.

17. These defendants except to the court's finding that preponderance of the evidence is that there is no viscose reaction in plaintiff's carbon bisulphide glue, and/or that viscose can be [117] made from hemi-celluloses.

18. These defendants except to the finding of the court that this patent was not anticipated by the Satow patent No. 1,245,975, or by patent No. 1,078,692 to Perkins, No. 1,412,020 to Stern, or by the three patents to Chavassieu mentioned.

19. In holding that the Satow patent No. 1,245,975 is not a glue patent but simply teaches "a plastic."

20. To the finding of the court that there is no difference between carbon bisulphide and carbon disulfide.

21. Except to paragraph 6 of the decree, upon the ground and for the reason that the same is not supported by the evidence in the case.

22. Except to paragraph 7 of the decree, upon the ground and for the reason that the same is not supported by the evidence, and is directly contrary to the evidence and further because the same is not supported by the finding of the court.

23. Except to paragraph 8 of the decree wherein the court directs the issuance of perpetual injunction against these defendants, upon the ground and for the reason that the same is not supported in the evidence, but is contrary thereto, and is contrary to

the facts as found by the court in so far as the same applies to these excepting defendants.

24. These defendants except to paragraph 9 of the decree wherein the court decrees that the plaintiff is entitled to recover from these defendants and their codefendants have respectively, jointly or severally derived, received or enjoyed, etc., upon the ground and for the reason that the court should have specifically limited the recovery of the damages as against these defendants to the acts of these defendants; also upon the ground and for the reason that the court in said decree gives to plaintiff double damages in that he gives plaintiff damages and profits, gains and benefits, and also for damages. We contend that plaintiff is not entitled to both profits and damages. [118]

25. Defendant excepts to paragraph 11 of the decree wherein the court awards costs to the plaintiff as against these excepting defendants, upon the ground and for the reason that under the law the plaintiff having filed disclaimers after suit brought was not entitled to costs in any event. This exception is intended as an exception by each of the defendants to the allowance of costs against it and/or him.

26. The defendant, Wilmot H. Lilly, separately excepts to the finding that he as an individual, contributorially or otherwise infringed any of the claims of any of the patents in suit, upon the ground and for the reason that such finding is contrary to

the evidence, that there was no evidence showing that he personally or individually infringed any claim of any of the patents.

27. The defendant Wilmot H. Lilly separately and for himself excepts to the conclusion of law that he as an individual contributorially or otherwise infringed any of the claims of any of the patents in suit, upon the ground and for the reason that the evidence does not justify any such conclusion of law, and that the finding of fact does not support such a conclusion of law.

28. The defendant Chas. H. Lilly Co., expects to the refusal of the court to make the first requested finding of fact requested by said defendant.

29. The Chas. H. Lilly Co., excepts to the refusal of the court to make the second finding of fact as requested by this defendant.

30. The Chas. H. Lilly Co. except to the refusal of the court to make the first conclusion of law as requested by this defendant.

31. The Chas. H. Lilly Co. except to the refusal of the court to make the second conclusion of law as requested by this defendant.

32. The defendant Wilmot H. Lilly excepts to the refusal of the court to make the first requested finding of fact requested [119] by this defendant.

33. The defendant Wilmot H. Lilly, excepts to the refusal of the court to make the second finding of fact as requested by this defendant.



34. The defendant Wilmot H. Lilly excepts to the refusal of the court to make the first conclusion of law as requested by this defendant.

35. The defendant Wilmot H. Lilly, excepts to the refusal of the court to make the second conclusion of law as requested by this defendant.

JAY C. ALLEN,  
Attorney for Chas. H. Lilly Co.,  
and Wilmot H. Lilly.

The foregoing exceptions were presented to the Court in open court at the time the court signed its decree. were each considered and each allowed to each of the excepting defendants.

EDWARD E. CUSHMAN,  
Judge.

[Endorsed]: Filed Jul. 11, 1932. E. M. Lakin,  
Clerk. [120]

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[Title of Court and Cause.]

#### ASSIGNMENT OF ERRORS.

Now on this 1st day of August, 1932, came the defendants, the Chas. H. Lilly Co., and Wilmot H. Lilly, by their solicitors, Jay C. Allen, and Weldon G. Bettens, and say: That the Decree entered in the above cause on the 11th day of July, 1932, is erroneous and unjust to these defendants;

1. Because the Court erred in admitting in evidence Exhibit 59, being a letter from the Chas. H.

Lilly Co., to the Arabol Manufacturing Company, dated October 17, 1928, and erred in overruling these defendants' objections to the introduction thereof, upon the ground that the same was immaterial.

2. Because the Court erred in admitting in evidence Exhibit No. 60, being a letter from the Chas. H. Lilly Co. to the Arabol Manufacturing Company, under date of November 1, 1928, and because the Court erred in overruling these defendants' objections thereto, upon the ground of immateriality.

3. Because the court erred in overruling the motion of the defendant Wilmot H. Lilly to dismiss the action as to him, which said motion was made at the close of complainant's case in chief, and which was as follows:

Mr. Allen: If your Honor please, on the evidence as introduced, I desire on behalf of Mr. Wilmot H. Lilly to move for a dismissal. [126] There is not one single word that has been uttered here in evidence about Wilmot H. Lilly, except that he is President of the Chas. H. Lilly Co., and because there is no evidence showing any contributory infringement on his part.

4. Because the Court erred in overruling the motion made by the defendant Chas. H. Lilly Co. for a dismissal of the action as to them, made at the close of the complainant's evidence in chief, which said motion was in the words and figures following, to-wit:

Mr. Allen: I desire now at this time to make a motion on behalf of the Chas. H. Lilly Co. for a dismissal, upon the ground and for the reason that there is not sufficient evidence here against the Chas. H. Lilly Co. to show that it was a contributor to any infringement, if any infringement was had; upon the ground that there is not a single solitary word of evidence that goes to show that they sold any soya bean flour or any material with knowledge that it was to be used in the infringement of any patent \* \* \* .

5. Because the court erred in refusing to make the first finding of fact requested by the defendant Wilmot H. Lilly, that the defendant Wilmot H. Lilly has not infringed any one of the claims of the patents in suit, which the court holds to be good and valid in law.

6. Because the court erred in refusing to make the second finding of fact requested by the defendant Wilmot H. Lilly, that the defendant Wilmot H. Lilly has not contributorially infringed any one of the patents in suit, which the court holds to be good and valid in law.

7. Because the Court erred in refusing to conclude as a matter of law, as requested by Wilmot H. Lilly, that the complainant take nothing by this action as against Wilmot H. Lilly and that as to him the action be dismissed with costs. [127]

8. Because the court erred in refusing to find as a fact, as requested by The Chas. H. Lilly Co.,

that the defendants, The Chas. H. Lilly Co., has not **infringed** any one of the claims of the patents in suit, which the court holds to be good and valid in law.

9. Because the court erred in refusing to find as a fact as requested by The Chas. H. Lilly Co., that the Chas. H. Lilly Co., has not contributorially infringed any one of the claims of the patents in suit, which the court holds to be good and valid in law.

10. Because the Court erred in refusing to conclude as a matter of law, as requested by the Chas. H. Lilly Co., that the complainant take nothing by this action as against the Chas. H. Lilly Co., and that as to it the action be dismissed with costs.

11. Because the Court erred in refusing to comply with Equity Rule No. 70 $\frac{1}{2}$  and make findings of fact and conclusions of law, and in entering a decree herein without making findings of fact and conclusions of law as provided in Equity Rule No. 70 $\frac{1}{2}$ .

12. Because the court erred in its finding and/or conclusion contained in its memorandum decision, which the Court by its decree attempted to adopt as its findings of fact and conclusions of law, that the stipulation made by these defendants, that these two defendants on and before the bringing of the present suits,

“sold and delivered and is now selling and delivering to the Kaseno Products Co., a co-

defendant herein, soya bean seed cake ground to glue specifications, that is, eighty mesh or finer, for use in the manufacture of the adhesives or glues of said company",

and the two letters of the defendant, the Chas. H. Lilly Co., as follows: [128]

“October 17, 1928.

The Arabol Manufacturing Co.,  
110 East 42nd St.,  
New York, N. Y.

Gentlemen:

We are manufacturers of Soya Bean Flour which is being used extensively on this Coast as a base in waterproof glue. Glue made from this material has almost entirely replaced casein glue in the manufacture of Ply wood or veneer. Formerly the mills in this territory used practically nothing but casein glue in the manufacture of these panels but have now switched to a Soya Bean glue with which they secure as good or better adhesive at a far lower cost.

We understand you people are the largest manufacturers in the world of various adhesives and the thought occurred to us that if you are not now using Soya Bean flour in any of your products you might be interested in doing a little experimenting along this line. If you are already using this material we would be only too glad to submit samples of our product and quote you prices.

Our material is a true Soya Bean flour in every sense of the Word and is not to be confused with various grades of fine ground Soya Bean meal which are sometimes offered. Our material is specially processed to remove a very large percentage of the fiber and is bolted through a flour mill process through a fineness of 100, 109, or 126 mesh. We have sold large quantities to glue manufacturers on the coast here and have shipped some to the glue manufacturers in the furniture district around Grand Rapids, Michigan, and also the various glue manufacturers on the East Coast, and in every case our product has met with their approval as to quality and uniformity, and we know that our prices are in line, and have been getting repeat business from them. We believe that if you are not now using Soya Bean Flour in any of your products it would certainly be to your interest to investigate its use, and to that end we are glad to furnish you with what samples and information we have on the subject.

Awaiting your reply and trusting that we may be of some service to you, we are

Yours very truly,

LILLY'S—Seattle.

SEV-PE

By S. E. Victor."

“November 1, 1928.

The Arabol Manufacturing  
110 East 42nd St.,  
New York, N. Y.

Via: Air Mail

Attention, Mr. A. M. Baumann: [129]

Gentlemen:

We thank you for your letter of Oct. 23d and we are glad to know that you are interested in Soya Bean Flour. We are sending you a 25 lb. bag of this material as a sample. We are sending you only the one grade which has been processed through 100 mesh. This is the grade that is in the greatest demand in this Section of the country, although we have made some flour as fine as 109 and 126 mesh. The various glue manufacturers seem to prefer the finer mesh, however they have been buying the 100 mesh inasmuch as the cost is less.

We are pleased to quote you a price of \$65.00 per ton, F.o.b. Seattle, draft terms, in car lots, on this grade; or \$70.00 per ton F.o.b. Seattle, draft terms, in less than car lots.

This is a comparatively new commodity on the market and considering the short length of time it has been used it has gained the approval of Glue Manufacturers in this locality. We have been told indirectly that Laucks & Company of Seattle handle hundreds of tons of this material each month, and it is said that they are using it both for Glue and for a wall tex-

ture. Several other manufacturers on this Coast and on the East Coast are buying the material in carload lots, and one of these manufacturers who turns out nothing but glue is now using four to five cars monthly. We see great possibilities for the use of Soya Bean flour in your territory and are pleased that you are taking an interest in it and will undoubtedly do some experimenting. We shall be pleased to hear from you as to what you think of the material and how your experiments work out.

Thanking you for the opportunity of quoting and submitting samples, and trusting that we may be of further service to you, we are,

Yours very truly,

THE CHAS. H. LILLY CO.,

SEV-PE

By S. E. Victor.”

were sufficient to show contributory infringement on the part of these defendants.

13. Because the Court erred in its finding and/or conclusion contained in its memorandum decision, which the Court by its decree attempted to adopt as its finding of fact and conclusions of law, that the stipulation and the two letters set forth in the last foregoing assignment, and which were copied, in said opinion, were sufficient to take the case out of the rule that one who sells to an infringer an article of commerce for an ordinary use unconnected with the product of the patent without



intent to [130] contribute to the manufacture of such product does not infringe.

14. Because the Court erred in its finding and/or conclusion contained in its memorandum decision, which the Court by its decree attempted to adopt as its findings of fact and conclusions of law, that the stipulation and the two letters which were set forth in the opinion and/or memorandum decision, and which are set forth in assignment No. 12 above, showed that it was the intent of these defendants that the articles sold by them should be used in the manufacture by their co-defendants of the products of plaintiff's invention.

15. Because the court erred in finding in its memorandum decision (which the court adopted as its findings of fact and conclusions of law), that Wilmot H. Lilly and The Chas. H. Lilly Co., have infringed claims 2, 4, 6, and 8 in the patents to Laucks & Davidson, No. 1689732.

16. Because the court erred in finding in its memorandum decision (which the court adopted as its finding of fact and conclusions of law), that Wilmot H. Lilly and the Chas. H. Lilly Company, have infringed claims 13 and 14 of patent No. 1691661, granted to Laucks & Davidson.

17. Because the court erred in making and/or entering paragraph 7 of the decree, as follows:

“7. That defendants Chas. H. Lilly Co., a corporation, organized and existing under and by

virtue of the laws of the State of Delaware, and/or Wilmot H. Lilly have and/or has contributorially infringed each of said two named Letters Patents as to the aforesaid mentioned claims of said Letters Patents, to-wit: Claims 2, 4, 6, and 8 of the United States Letters patent to Irving F. Laucks and Glenn Davidson No. 1,689,732, granted October 30, 1928, for 'Vegetable Glue and Method of Making-Same,' and Claims 13 and 14 of United States Letters Patent to Irving F. Laucks and Glenn Davidson No. 1,691,661, granted November 13, 1928, for 'Vegetable Glue and Method of Making Same,' said Claims being set forth in Paragraph 6 hereof."

18. Because the court erred in making and/or entering paragraph 8 of the decree herein, as follows: [131]

"8. That a Writ of Perpetual Injunction issue out of this court and under the seal of this Court directed to said defendants, Kaseno Products Co., a corporation, George F. Linqvist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, and each and every one of them perpetually enjoining and restraining the said defendants, their respective officers, directors, attorneys, agents, dealers, servants, representatives, workmen, clerks, employees, salesman, subsidiaries, and privies, and all others acting by or under their direction or authority and those in active concert or participating with them under the pains and penalties which may fall upon them and each or any of them in case of disobedience from directly or indirectly making or causing to

be made, selling or causing to be sold, using or causing to be used, contributing to the making or causing to be made, contributing to the selling or causing to be sold, contributing to the using or causing to be used, and/or threatening to manufacture and/or use and/or sell adhesive, glue or glues embodying or containing the inventions patented in and by said Letters Patents and/or encouraging or abetting such acts by others, and/or conspiring to infringe directly or indirectly in any wise the inventions patented in and by said Letters Patents, to-wit:

A. United States Letters Patent No. 1,689,732, granted October 30, 1928, to Irving F. Laucks and Glenn Davidson for 'Vegetable Glue and Method of Making Same' as respects Claims 2, 4, 6, and 8 thereof;

B. United States Letters Patent No. 1,691,661, granted November 13, 1928, to Irving F. Laucks and Glenn Davidson for 'Vegetable Glue and Method of Making Same' as respects Claims 13 and 14 thereof."

19. Because the court erred in making and/or entering paragraph 9 of the decree herein, as follows:

"9. That the plaintiff do recover from the said defendants, namely Kaseno Products Co., a corporation, George F. Linqvist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, the profits, gains and benefits which the said defendants have respectively, jointly or severally derived, received

or enjoyed by reason of their said infringement of said claims of said Letters Patents, or which may have accrued to them, jointly or severally by reason of the said infringement of said claims of said patents; and that the plaintiff do recover from the said defendants, either jointly or severally or any of them, as may upon a final accounting hereafter be determined, any and all damages which plaintiff has sustained or which may be sustained hereafter, by reason of the said infringing acts of said defendants. Evidence relative to both the profits and/or damages and evidence relative to the joint and/or several liability of said defendants for their infringing acts will be received by the hereinafter named Master of this Court.”

20. Because the court erred in giving and entering a judgment against the defendants, The Chas. H. Lilly Co., and/or Wilmot H. Lilly for costs. [132]

20. Wherefore, each of these defendants pray that the decree be reversed as to each of them, and that the District Court be directed to dismiss the bill as to each of these defendants or in the alternative each of these defendants pray that the decree be reversed and that this Court enter a proper decree on the record.

Respectfully submitted,

JAY C. ALLEN,

WELDON G. BETTENS,

Solicitors for Wilmot H. Lilly and The Chas. H. Lilly Co., Respondents.

Service of the within paper by receipt of copy admitted this 1st day of August, 1932.

RAYMOND D. OGDEN,  
WARD W. RONEY,  
Attorneys for Complainant.

[Endorsed]: Filed Aug. 1, 1932. Ed. M. Lakin,  
Clerk. [133]

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[Title of Court and Cause.]

WAIVER OF ASSIGNMENTS  
OF ERROR.

Come now Kaseno Products Co., a corporation, and George F. Linquist, and do hereby withdraw, waive, abandon and forever forego the assignments of error made and filed herein by them on August 1, 1932.

Dated this the 10th day of August, 1932.

KASENO PRODUCTS CO.,  
By J. Y. C. KELLOGG,  
Its Secretary

I concur in and approve the above.

J. Y. C. KELLOGG,  
Attorney for Kaseno Products Co.

J. Y. C. KELLOGG,  
Attorney for George F. Linquist.

Service of the within paper by receipt of copy admitted this 11th day of August, 1932.

RAYMOND D. OGDEN,  
WARD W. RONEY,  
Attorney for Complainant.

[Endorsed]: Filed Aug. 11, 1932. Ed. M. Lakin,  
Clerk. [139]

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[Title of Court and Cause.]

### PETITION FOR APPEAL.

The above named Wilmot H. Lilly and the Chas. H. Lilly Co., Kaseno Products Co., a corporation, and Geo. F. Linquist, defendants in the above action, feeling themselves and each of themselves aggrieved by the decree made and entered in this cause on the 11th day of July, 1932, do, and each of them does, appeal from said decree to the Circuit Court of Appeals for the Ninth Circuit, for the reason specified in the assignment of errors, which is filed herewith, they and each of them prays that their and his appeal be allowed and that citation issue as provided by law and that a transcript of the record, proceedings and papers upon which said decree was based, duly authenticated, may be sent to the United States Circuit Court of Appeals for the Ninth Circuit sitting at San Francisco in the State of California.

And your petitioners, and each of them, prays that the proper order touching the security or bond on appeal to be required to perfect the appeal be made.

JAY C. ALLEN,  
WELDON G. BETTENS,  
Solicitors for said Defendants Wilmot  
H. Lilly and Chas. H. Lilly Co., Kaseno  
Products Co., a corporation,  
and George F. Linquist.

Service of the within paper by receipt of copy admitted this 1st day of August, 1932.

RAYMOND D. OGDEN and  
WARD W. RONEY,  
Attorney for Complainant.

[Endorsed]: Filed Aug. 1, 1932. Ed. M. Lakin,  
Clerk. [140]

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The foregoing petition this day amended to include as petitioners Kaseno Products Co., a corporation, and George F. Linquist, defendants, is granted and the appeal allowed upon giving a bond conditioned as required by law in the sum of \$250.00, and the above order signed August 4th, 1932, allowing the separate appeal of Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, and citation thereon, is vacated, and the Clerk is directed to lodge the vacated order and citation.

Signed near Esterbrook, Wyoming, Aug. 5th, 1932.

EDWARD E. CUSHMAN,  
Judge of the District Court for the  
Western District of Washington.

We do hereby acknowledge service upon us of the foregoing amended petition for appeal and the order of the Court allowing the same and fixing bond this 10th day of August 1932.

RAYMOND D. OGDEN,  
WARD W. RONEY,  
Attorney for Complainant,  
I. F. Laucks, Inc.

[Endorsed]: Filed Aug. 10, 1932. Ed. M. Lakin,  
Clerk. [141]

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[Title of Court and Cause.]

**BOND ON APPEAL.**

KNOW ALL MEN BY THESE PRESENTS,  
That we, Wilmot H. Lilly, the Chas. H. Lilly Co., a corporation, Kaseno Products Co., a corporation, and George F. Linquist, as principals, and Commercial Casualty Ins. Co., a corporation, as surety, acknowledge ourselves to be jointly and severally indebted to I. F. Laucks, Inc., a corporation, appellee in the above cause in the sum of \$250.00, conditioned that, whereas, on the 11th day of July,



1932, in the United States District Court for the Western District of Washington, Northern Division, in a suit pending in that Court, wherein I. F. Laucks, Inc., a corporation, was complainant and Wilmot H. Lilly, the Chas. H. Lilly Co., a corporation, Kaseno Products Co., a corporation, and George F. Linquist were defendants, numbered on the Equity Docket as 659, a decree was rendered against Kaseno Products Co., a corporation, George F. Linquist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, and they having obtained an appeal to the United States Circuit Court of Appeals for the Ninth Circuit, and filed a copy thereof in the office of the Clerk of the Court to reverse the said decree, and a citation directed to the said I. F. Laucks, Inc., a corporation, citing and admonishing it to be and appear in the [142] United States Circuit Court of Appeals for the Ninth Circuit at San Francisco, in the State of California, thirty days after the date thereof, to-wit, thirty days after the 5th day of August, 1932;

Now, if the said Wilmot H. Lilly, the Chas. H. Lilly Co., a corporation, Kaseno Products Co., a corporation, and George F. Linquist, shall prosecute their appeal to effect and answer all costs if they fail to make their plea good, then the above

obligation to be void, else to remain in full force and virtue.

[Seal] WILMOT H. LILLY,  
THE CHAS. H. LILLY CO.,  
By W. H. LILLY,

Attest: Its President

C. F. LARSEN,  
Secretary

[Seal] KASENO PRODUCTS CO.,  
By GEO. F. LINQUIST,  
Its President  
GEO. F. LINQUIST,  
Principals.

Attest:

J. Y. C. KELLOGG,  
Secretary

COMMERCIAL CASUAL-  
ITY INS. CO.,

By J. GRANT,  
Its Attorney in Fact,  
Surety.

Dated Aug. 10, 1932.

The foregoing bond approved this 17th day of  
October, 1932.

EDWARD E. CUSHMAN,  
Judge. [143]

State of Washington,  
County of King.—ss.

On this 17th day of October, 1932, before me personally appeared J. Grant, to me known to be the attorney in fact of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

[Seal]    WILLIAM F. DEVIN,  
Notary Public in and for the State of Washington,  
residing at Seattle.

[Endorsed]: Lodged Aug. 20, 1932. Ed. M. Lakin, Clerk.

[Endorsed]: Filed Oct. 17, 1932. Ed. M. Lakin, Clerk. [144]

[Title of Court and Cause.]

FURTHER AMENDED STATEMENT  
OF EVIDENCE.

Come now the Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, defendants above named, and pursuant to Equity Rule 75, lodge with the Clerk of this Court a Second Amended Condensed Statement of the Evidence herein, containing further additional evidence proposed by appellants and by appellee, as follows:

TESTIMONY OF LEO W. EILERTSEN  
for Plaintiff.

Leo. W. Eilertsen, called as a witness on behalf of plaintiff, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

Direct Examination.

My name is Leo W. Eilertsen. I am forty years old and am secretary, treasurer and sales manager of the plaintiff company.

Being shown U. S. Reissue Patent No. 16422, marked Plaintiff's Exhibit 1 for identification, I identify it as the Johnson Patent, of which plaintiff company is the owner. (Plaintiff's Exhibit 1 for identification was then offered in evidence [145] and, over the objection of defendants' counsel, was received in evidence and marked Plaintiff's Exhibit No. 1. It was referred to by all parties during the trial as the Johnson Patent.)

(Testimony of Leo W. Eilertsen.)

Being shown U. S. Patent No. 1689732, marked Plaintiff's Exhibit 14 for identification, I identify it as the Laucks-Davidson Patent, covering vegetable glue and methods of making same, which patent is the property of plaintiff. (Plaintiff's Exhibit 14 for identification was then offered in evidence and was received in evidence and marked Plaintiff's Exhibit No. 14. It was referred to by all parties during the trial as the Caustic Soda Patent.)

Being shown U. S. Patent No. 1691661, marked Plaintiff's Exhibit 24 for identification, I identify it as the Laucks-Davidson Patent, covering vegetable glue and method of making same, which patent is the property of plaintiff. (Plaintiff's Exhibit 24 for identification was then offered in evidence and was received in evidence and marked Plaintiff's Exhibit No. 24. It was referred to by all parties during the trial as the Carbon Bisulphide Patent.)

Being shown a letter dated November 16, 1928, addressed to Chas. H. Lilly & Company, I identify it as a copy of the letter giving notice to Chas. H. Lilly & Co., together with the return registry receipt. (The letter identified by the witness was then offered in evidence and was received in evidence and marked Plaintiff's Exhibit No. 34.)

We published a notice of our patent rights in "The Timberman." (This testimony was objected

(Testimony of Leo W. Eilertsen.)  
 to by counsel for defendants upon the ground that if publication was made, it was incumbent upon plaintiff to establish the fact that defendants [146] knew of that publication. Counsel for plaintiff then stated that this evidence was for the purpose of showing that plaintiff made no secret of its patents and made known just what rights it had. The Court then asked if counsel for defendants was still objecting despite the declaration of plaintiff's counsel as to the purpose, and being advised in the affirmative, the Court overruled the objection.) Being shown a copy of "The Timberman," published in September, 1925, I point out a notice on page 150, reading as follows:

**"GLUE FROM SOYA BEANS  
 PATENTED**

Notice is hereby given that our patents give us  
**EXCLUSIVE RIGHTS** to the use of  
**SOYA BEANS AND SOYA BEAN FLOUR**  
 For Glue Making Purposes  
**PATENTS GRANTED—OTHER PATENTS  
 PENDING**

**I. F. LAUCKS, INC.**

**SEATTLE, U. S. A.**

Manufacturers of

**LAUCKS Waterproof**

Glue ..... 'LAUXEIN' "

(Testimony of Leo W. Eilertsen.)

(Counsel for defendants objected to this evidence on the further ground that the notice read by the witness was published before plaintiff had obtained the issuance of any patents in suit and referred to no specific patent, and upon the ground that it was incompetent, irrelevant and immaterial. The objections were overruled.) "The Timberman" is an international lumber journal which is generally subscribed to by the veneer and lumber trade and is generally used as an advertising medium [147] by glue manufacturers. (The publication referred to by the witness was then offered in evidence and, over the aforesaid objections of defendants' counsel, was received in evidence and marked Plaintiff's Exhibit No. 35.)

Being shown a copy of "The Timberman," published in November, 1928, I point out a notice on page 105, reading as follows:

"Announcing issue of patents affecting manufacture and use of vegetable protein glues. For some years past I. F. Laucks, Inc., chemists, have manufactured water resistant glues from raw materials hitherto unknown and unused for glue making. This was made possible through research work extending over many years and great expense, with the idea that I. F. Laucks, Inc., would produce adhesives of uniformity and high quality at a cost which would effect remarkable savings to the user.

(Testimony of Leo W. Eilertsen.)

“The widespread adoption of Lauxein water-proof glues by the trade confirms that this ideal has been largely attained. We express our appreciation for the support and cooperation which our many customers have given us. Our research laboratories are available to assist them in working out their special problems.

“In order to protect the investment in research for the production of Lauxein glues and to justify future development work, numerous applications for patents have been made in the United States and foreign countries and since no concern can incur the risk and speculation attendant upon research unless patent protection can be expected, I. F. Laucks, Inc., will be obliged to enjoin unauthorized manufacture and use of glues covered by their patents, either by way of direct or contributory infringement.

“Patents recently granted to I. F. Laucks, Inc., in the United States are the following:

“U. S. Patent No. 1,689,732, dated October 30, 1928. Covering broadly the use of caustic soda with vegetable protein flours for adhesive purposes.

“U. S. Patent No. 1,691,661, dated November 13, 1928. Covering broadly the use of carbon bisulphide and like materials with vegetable protein flours for adhesive purposes. [148]



(Testimony of Leo W. Eilertsen.)

“Our products are also protected by the U. S. Patent Reissue 16,442. Other patents pending. I. F. Laucks, Inc.”

(Counsel for defendants objected to the reading of this notice in evidence upon the ground that it contained many self-serving statements and was incompetent. The objection was overruled. Counsel for defendants then specifically objected to that portion of the notice referring to U. S. Patent Reissue No. 16,442, upon the ground that there was no such patent in suit, the Johnson Patent being U. S. Patent Reissue No. 16,422. The court said that the portion specifically objected to would be disregarded. The publication referred to by the witness was then offered in evidence, and, over the objections of the defendants' counsel, was received in evidence and marked Plaintiff's Exhibit No. 36.)

All the goods which we sold were marked “Patented.” Being shown a tag, I identify it as one of our early tags used as of date of October 15, 1925. Being shown another tag, I identify it as a tag of a subsequent date, within a year or two of the tag last identified. Being shown another tag, I identify it as a tag used shortly after that last referred to. Being shown a green tag, I identify it as a tag placed on our glue during the year 1928. (The four tags identified by the witness were offered in evidence and, over the objections of defendants' counsel, were received in evidence and

(Testimony of Leo W. Eilertsen.)  
marked Plaintiff's Exhibits Nos. 37, 38, 39 and 40, respectively.)

Being shown a tag, I identify it as a tag which we used from 1926 to the present time. The "5-F" printed on the tag describes the kind of glue this tag was attached to, which glue contained the ingredients of the Johnson formula, that is, soya [149] bean, lime and sodium fluoride. Being shown another tag, I identify it as a tag attached to our "1-X" glue, which also contains the ingredients of the Johnson Patent—soya bean, lime and sodium fluoride. This tag was attached to the goods which we sold. (The two tags thus identified by the witness were offered in evidence and, over objection of defendants' counsel, were received in evidence and marked Plaintiff's Exhibits Nos. 43 and 44, respectively.) Plaintiff started work on glues in 1923 and sale was made to the Olympia Veneer Company as early as August, 1923.

These glues were ordinarily sold in carload lots of about 20 tons to the carload.

In 1926 the Fir plywood manufacturers greatly needed improved water resistance in their product. I. F. Laucks, Inc., in April, 1926, introduced CS<sub>2</sub> for the purpose of increasing the water resistance of the glue.

The first company that I knew of to infringe the patents in suit of the plaintiff was the Kaseno Products Co. This was in April, 1926. The Kaseno

(Testimony of Leo W. Eilertsen.)

Products Co. were using a soya bean glue in which they were using carbon bisulphide.

The plaintiff company began the manufacture of glue in 1923, and since that date has been continuously operating as a manufacturer of waterproof glues. About 95% of these glues have been made out of seed residue glue bases. Up to 1923 no other company had been manufacturing glues made from seed residue flours, more especially soya bean flour.

Plants of plaintiff are located at Seattle, Washington and Bloomington, Ill. Plaintiff is the largest manufacturer of water resistant glues. Consumption of soya bean glues in the [150] year of 1929 was 7,000 tons. (Plaintiff's Exhibit No. 74 was admitted in evidence.)

In 1923 there were no veneer plants using soya bean glues. By the end of 1928 every plant on the Pacific Northwest was using vegetable seed residue glues, that is to say, soya bean glues. By the Pacific Northwest is included Oregon, Northern part of California and Washington. Casein and starch were then used only for special purposes, the big bulk of plywood being glued with seed residue glues.

The glues which the soya bean glues replaced in the veneer plants between the years 1923 and 1928 were what is known as "casein glues."

All this was accomplished with the expenditure of \$17,000 (Seventeen Thousand Dollars) for advertising from 1923 to Jan. 1, 1930. The total invest-

(Testimony of Leo W. Eilertsen.)

ment in the business of I. F. Laucks, Inc., in 1930, was \$400,000 (Four Hundred Thousand Dollars).

Casein Mfg. Co., largest manufacturer of casein in the world, voluntarily and of its own accord took out licenses under the patents in suit from plaintiff.

Under the patents in suit, plaintiff company manufactures glue from soya beans and soya bean flour. This glue is used for veneering, that is, in the manufacture of plywood. The plaintiff company entered into the manufacture of soya bean seed residue glue and vegetable seed residue glues in the early part of the year 1923. Plaintiff company instructed the users of its glues to add caustic soda in mixing the glues in the year 1923. The use of carbon bisulphide commercially in the plants commenced in April, 1926. After we originally introduced the use of caustic soda, we discontinued its use for a period in some [151] formulae. During this period, we stressed our ready mixed glue, which did not contain caustic soda. At the end of the year 1926, we reintroduced the use of caustic soda as such commercially. Prior to the time we reintroduced the use of caustic soda at the end of 1926, none of the defendant companies were using caustic soda, to my knowledge. None of the defendant companies were using carbon bisulphide as a water resistant agent, or otherwise, commercially, prior to the use of this chemical by plaintiff company. If the defendants had been using caustic

(Testimony of Leo W. Eilertsen.)

soda or carbon bisulphide prior to the time these chemicals were used by plaintiff company, I believe I would have known it. We did not introduce carbon bisulphide previous to the year 1926 because of the inflammability of carbon bisulphide. In 1923 and 1924, plaintiff's glue was used by the Olympic Veneer, at Olympia, Washington, and the Tacoma Veneer, at Tacoma, Washington.

About February 28, 1928, I had a conversation with Mr. Wilmot H. Lilly in our office. Mr. Godman, our purchasing agent, and Mr. Laucks, our President, were present. Mr. Wilmot H. Lilly said that he had been grinding soya bean flour and had sold at least two (2) carloads in the East for use in glue, and was also supplying the Kaseno Products Co. with at least some quantities. We discussed the matter of them supplying us with soya bean flour, ground to our specifications.

Mr. Lilly said that his production was about three (3) tons in eight hours. Our requirements were considerable more than that, and Mr. Lilly said he would have to put in additional equipment to take care of us, in case we wanted more than that quantity. We placed an order with him to see whether he could produce what we wanted. Subsequently we made other purchases [152] from him. Mr. Lilly said he had sent out samples of soya bean flour to several of the veneer plants, as he understood that they were going to manufacture their own glue, or were manufacturing their own glue.

(Testimony of Leo W. Eilertsen.)

(A stipulation entered into between plaintiff company and the defendant, The Chas. H. Lilly Co., in Cause No. 621, was offered in evidence and without objection was admitted in evidence and marked Plaintiff's Exhibit No. 11. A stipulation entered into between plaintiff company and the defendant, The Chas. H. Lilly Co., in Cause No. 659, was offered in evidence and without objection was admitted in evidence and marked Plaintiff's Exhibit No. 13. A stipulation running between the Kaseno Products Co. and the plaintiff company was also admitted in evidence and marked Exhibit 10.)

#### Cross-examination.

We advertised in "The Timberman" and "Veneers." There were about eight mills to advertise among in 1923.

Kaseno Products Company was furnishing glues containing soya bean meal to the trade from 1923 to 1926. The first glue made by plaintiff with sodium fluoride, lime and soya bean flour, and sold commercially, was in July, 1925.

We may have asked Mr. Wilmot H. Lilly not to sell soya bean flour to anyone other than the plaintiff company. I would not say Mr. Lilly stated that some glue had been shipped back east. I amend that and say that he stated he had shipped some soya bean flour back east. I was in error if I said Mr. Wilmot H. Lilly told us that some glue had been shipped back east.

TESTIMONY OF W. F. SHELLY  
for Plaintiff.

W. F. Shelly, called by plaintiff, being first sworn, [153] testified in part on direct examination, other portions of the testimony of the witness not being set forth:

Direct Examination.

I am thirty-eight years of age, salesman and service man, in the employ of I. F. Laucks, Inc.

Soya bean glue did not behave the same as starch glues or casein glues to which the users were accustomed.

Soya bean glue was derisively called "bean soup" in the early years of its introduction.

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TESTIMONY OF S. E. VICTOR  
for Plaintiff.

S. E. Victor, called as an adverse witness on behalf of plaintiff, testified as follows:

Direct Examination.

My name is S. E. Victor. I am employed by The Chas. H. Lilly Co., as purchasing agent. Being shown a letter marked Plaintiff's Exhibit 59 for identification, I identify the signature thereon as my own. Being shown a letter marked Plaintiff's Exhibit 60 for identification, I identify the signature thereon as my own. I wrote both of these letters. (The two letters identified by the witness

(Testimony of S. E. Victor.)

were then offered in evidence. Defendants' counsel objected to the admission of these letters in evidence upon the ground that they were immaterial. The objection was overruled and exceptions asked and allowed. The letters were received in evidence as Plaintiff's Exhibits Nos. 59 and 60, respectively.)

#### Cross-examination.

The rubber stamp which is on Plaintiff's Exhibits Nos. 59 and 60 was not there when I signed the letters. I have no idea who put the stamp there. Plaintiff's Exhibit No. 60 is in [154] answer to a letter we received from the Arabol Manufacturing Company of date October 23rd. We had not received a letter from the Arabol Manufacturing Company prior to the 17th, when I wrote Plaintiff's Exhibit No. 59.

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#### TESTIMONY OF ROGER E. CHASE for Plaintiff.

Roger E. Chase, called by plaintiff, being first sworn, testified in part on direct examination, other portions of the testimony of the witness not being set forth:

#### Direct Examination.

I am president and manager of a small corporation by the name of "R. E. Chase & Co."

I was appointed as sales agent for the sale of Laucks' new soya bean glue in July, 1923, shortly before the first sales were made.



(Testimony of Roger E. Chase.)

The selling of that glue was about the toughest proposition I have ever tackled. We sold very little in 1923. This new glue did not look or behave like the glues the plywood plants were used to. In the fall of 1923 it was general knowledge that we were using soya bean flour as the glue base in our products.

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TESTIMONY OF BRUCE CLARK  
for Plaintiff.

Bruce Clark, called by plaintiff, being first sworn, testified in part on direct examination, other portions of the testimony of the witness not being set forth:

Direct Examination.

I am manager of the plywood department of Elliott Bay Mill Company at Seattle.

The plaintiff, I. F. Laucks, Inc., was the first to introduce soya bean glue to the veneer or plywood industry of the Northwest. [155]

TESTIMONY OF MICHAEL SAVELSON  
for Plaintiff.

Michael Savelson, called by plaintiff, being first sworn, testified in part on direct examination, other portions of the testimony of the witness not being set forth:

Direct Examination.

I am American agent for the Anglo-Chinese Eastern Trading Company, the head office of which is in London, England. Soya bean cake is a by-product (side product) of the main product oil obtained from soya beans.

(The plaintiff thereafter rested its case. Defendants' counsel thereupon, on behalf of the defendant, Wilmot H. Lilly, moved for a dismissal upon the ground that not one single word had been uttered in evidence about said defendant except that he was president of The Chas. H. Lilly Co. The court stated that it was unsatisfactory to decide a case piecemeal, and denied the motion. An exception to this ruling of the court was asked and was by the court allowed. Defendants' counsel, on behalf of the defendant, The Chas. H. Lilly Co., moved for a dismissal upon the ground that there was not sufficient evidence against said defendant to show that it was a contributor to any infringement, if any infringement was had, and upon the ground that there was not a single word of evidence introduced that went to show that said defendant sold any soya bean flour or any material with

(Testimony of Michael Savelson.)

knowledge that it was to be used in the infringement of any patent. After listening to argument by counsel in support of this motion, the court denied the motion. An exception was asked and was by the court allowed.)

(Counsel for the plaintiff stated that some days ago plaintiff gave notice that it would make certain disclaimers in [156] connection with the Johnson Patent and also in connection with the Caustic Soda Patent. He offered in evidence certified copies of the filing of said disclaimers and of the disclaimers themselves. Counsel for the defendants objected to the filing of the disclaimers upon the ground that inasmuch as the case had been pending in court for a long time, it was too late to permit disclaimers without terms. The court overruled the objection, stating that if there was anything in the objection on the question of costs, the justification of counsel's request for terms might be presented in connection with the submission of the entire case. The disclaimer in connection with the Johnson Re-issue Patent was admitted in evidence and marked Plaintiff's Exhibit No. 76. The disclaimer in connection with the Caustic Soda Patent was admitted in evidence and was marked Plaintiff's Exhibit No. 77.)

TESTIMONY OF GEORGE LINQUIST  
for Defendants.

George Linquist, called as a witness on behalf of the defendants, testified as follows:

Direct Examination.

I am president of the defendant corporation, Kaseno Products Company. I commenced the manufacture of adhesives in 1917, manufacturing marine glues at that time. We still make marine glues. In 1918 we organized the Bitumolin Company, a corporation. Later the name of this corporation was changed to Kaseno Products Company, the defendant corporation. We manufactured deck glue and some liquid marine glues. In 1920 we commenced to manufacture casein glues. We started the manufacture of veneer glues in 1920. [157]

In 1923, when the price of casein rose rapidly, we immediately tried to find something that we could use to cheapen our glues. We immediately thought of soya bean. We then used soya bean meal to cheapen our glue. We ground the meal as fine as we could grind it on the type of mill we had in our plant. We tried it out at the Elliott Bay Mill with very good success. We then put in flour equipment to bolt it down to a finer mesh. This soya bean meal was mixed with casein glue in the Elliott Bay Mill plant. There was no change in the chemicals employed in making this casein-soya bean glue over the chemicals that were employed in mak-

(Testimony of George Linqvist.)

ing casein glue. We designated the soya bean meal "B-Casein." It was to be used in connection with casein, and was actually so used by the Elliott Bay Mill Company in October, 1923, and during the next three or four months. During that period, we supplied the Elliott Bay Mill Company approximately 50,600 pounds of soya bean meal. Of this Fifty Thousand, Six Hundred (50,600) lbs. of soya bean meal some was really flour which we had bolted out.

We are now making two soya bean glues, and we denote them as No. 26 glue and No. 3355 glue. No. 26 glue contains water, soya bean meal, blood, copper sulphate, caustic soda, hydrated lime, silicate of soda, viscose and hexamethylenetetramine. No. 3355 glue contains water, soya bean meal, caustic soda, hydrated lime, silicate of soda, viscose and hexamethylenetetramine.

#### Cross-examination.

In the latter part of 1920 or the early part of 1921 we bought casein at a price of five cents a pound. I know of a large quantity of casein that sold at two and one-half cents per [158] pound in 1920. My recollection is that in 1921 the New York market price of casein was around seven to seven and one-half cents per pound. I can buy casein laid down in Seattle today for six cents per pound. During the year 1923 the price of casein went from eleven and one-half cents to twenty-seven cents per pound in a short space of time. It stayed at twenty-

(Testimony of George Linquist.)

six cents for not more than a month or two. Within six months it dropped to seven and one-half cents per pound. Because of this great rise in price in 1923 we used soya bean meal to cheapen our casein glue. The soya bean meal which we so used sold at somewhere around four and one-half cents a pound. The price of casein at this same time was twenty-one cents per pound. We used with this casein, 10 per cent soya bean meal, that is to say, with 90 pounds of casein we would use approximately 10 pounds of soya bean meal. After this use during the three or four months we then entirely discontinued its use.

We recommended that soya bean meal be used in the proportion of 10%. Mr. Steinhart used more—I think 7 to 15%, and maybe more. We sold him the soya bean flour. They made their own mix of soya bean flour and casein at the plant of the Elliott Bay Mill Company.

We first used carbon bisulphide in a laboratory test, July 9, 1927, and March 1, 1928, we made our first commercial purchase. This purchase was in drums, 50 per cent carbon bisulphide and 50 per cent carbon tetrachloride. We used tetrachloride because of the fire hazard connected with the use of straight carbon bisulphide. Later, in 1928, we commenced the use of what is known as the Marvin solution. This Marvin solution contained 50 per cent carbon bisulphide. Following the [159] Marvin solution we used viscose instead of the

(Testimony of George Linquist.)

Marvin solution. This viscose was used in what we called our NK solution.

The formula for this viscose by quantity parts was: water 300, caustic 110, add 5 gal. of water and 210 pounds carbon bisulphide.

The Marvin solution had fifty per cent carbon bisulphide in it. The use of the Marvin solution materially increased the water resistance of the glue. The Marvin solution was used up to January 1, 1929.

We did not make any soya bean glue, using soya bean as the whole adhesive base, until we commenced making our present 3355 glue. We always built up the protein content of the glue base. We have built it up with vegetable casein, animal casein, and with blood.

All during 1927, we used an isolated vegetable protein as a glue base. We have not used an isolated vegetable protein since November, 1927. The isolated vegetable protein which we used during 1927 was the protein from soya beans. We extracted it ourselves. We made a milk out of it and then extracted it in the regular procedure in which casein was manufactured. In some cases, we precipitated it with sulphuric acid.

When asked how much of this formula, referring to isolated protein, was used, Mr. Linquist testified as follows:

“Q. How long did you use an isolated vegetable protein as a glue base?”

(Testimony of George Linquist.)

A. All during 1927.

Q. 1927?

A. Commencing about in August, 1927, we used it over a period up to November or December, 1927.

Q. So for a period there from August, 1927, to November, 1927, you used an isolated vegetable protein? [160]

A. Yes.

Q. Have you used any since?

A. No."

\* \* \* \* \*

"Q. What percentage of this isolated vegetable protein did you use in your glue base between August, 1927, and November?

A. We used up to six and one-half pounds. I have a recollection that we did use ten pounds at some time.

Q. Let us take the dry adhesive base on the basis of 100 pounds. How much soya bean flour would you have in there?

A. What glue are you referring to?

Q. The time you used your isolated protein down here.

A. Do you want the formula for the glue?

Q. From August, 1927. I do not know what you call it.

A. The glue that was turned out, it had soya meal, 65; tri-sodium phosphate, 6; sodium



(Testimony of George Linquist.)

perborate, 1; sodium fluoride, 1; vegetable casein, 10, and lime, 18.”

\* \* \* \* \*

“Q. Between August, 1927, to November, 1927, how much of the glue did you sell to the veneer plants that contained within its glue base any of this isolated vegetable protein?

A. I don't know. I wouldn't know without making a check of it.

Q. Did you sell any?

A. Yes.

Q. A carload?

A. Oh, I would guess a carload.

Q. You think a carload would be the outside?

A. I don't know. I am guessing for you.

Q. To whom did you sell it? [161]

A. We used it at the Elliott Bay Mill, and I don't know whether we used it anywhere else or not. The only thing that shows here is the Elliott Bay Mill, on this memorandum I have got.”

We quickly discontinued its use because of the fact that we were not in a position to manufacture the vegetable casein (soya bean isolated protein) in a large quantity and the price of casein had dropped. I have no personal knowledge that what we were making was an isolated vegetable protein except that I thought it was. I am not a chemist.

(Testimony of George Linquist.)

I never had the product analyzed, but I am satisfied it must have been an isolated protein.

We have made a glue using casein and soya bean flour as a glue base. Glue No. 2598 is such a glue. It contains casein, 25 pounds; tri-sodium phosphate, 9 pounds; lime, 4 pounds, and soya bean flour, 62 pounds. I used casein and soya bean in 1924 and 1925. I have no record of those glues. In 1929, we made a glue which had 60 pounds or more of soya bean flour for every 100 pounds of dry adhesive base. We made such a glue in 1925, 1926, 1927, and, I think, in 1924. In 1928, soya bean was 52% of the glue base.

From 1924 down to the present time, in making glues which contained 60 pounds or more of soya bean flour with every 100 pounds of dry base, we have made such a glue in which we did not use the combination of caustic soda and lime. A formula for such glue, which was sold commercially, is the following: Lactic casein, 3 pounds; soya bean flour, 10 pounds, tri-sodium phosphate,  $\frac{1}{2}$  pound; hydrated lime, 3 pounds. Thirty-three pounds of that base was used with tri-sodium phosphate,  $\frac{1}{4}$  pound; perborate of soda, .30, and silicate of soda, 8 pounds. Then a sol- [162] ution was put in. We used no caustic soda in this solution. There is no carbon bisulphide in this solution. There is no alkalinity in this solution. This glue does not contain caustic soda as such and lime. We ran this glue at the

(Testimony of George Linquist.)

Elliott Bay Mill from September, 1926, to November, 1926.

Another glue which we turned out, in which soya bean flour was at least 60% of the dry adhesive base and which did not contain the combination of caustic soda and lime, was made up of the following formula: Casein, 18 pounds; soya meal, 60 pounds; tri-sodium phosphate,  $4\frac{3}{4}$  pounds; sodium perborate, 1 pound, and lime, 18 pounds. The glue made from this formula was used at the Elliott Bay Mill from December, 1926, to October, 1927. During that period, we sold a good deal of that glue to others. We sold a considerable tonnage of glue made according to that formula.

After March, 1928, we first used carbon bisulphide with our glues. After that the Marvin solution and after that viscose contained in our NK solution was used for the purpose of increasing the water resistance of the soya bean glue. The first use of caustic soda as such was in March, 1927. After March, 1927, and up to February, 1928, caustic soda as such was used in certain of our soya bean glue formulas. Since February, 1928, and up to the time of the giving of the testimony of the witness in May, 1931, the Kaseno Products Company used caustic soda as such with lime rather constantly in its soya bean glues. In one certain formula the percentage of soya bean flour in the glue base was as high as ninety-six per cent. From 1924 to 1929

(Testimony of George Linquist.)

the glue base used by Kaseno Products Co. contained at least 52% of soya bean flour. [163]

#### Recross Examination.

We started to sell our full seed residue glues in the latter part of 1924 or the early part of 1925.

We bought soya bean meal from The Chas. H. Lilly Co. The soya bean meal we bought from that company we ourselves ground in our own mill. We also bought soya bean flour from that company. We once bought soya bean flour from the Fisher Flouring Mill. With the exception of that bought from the Fisher Flouring Mill, all of the soya bean flour we have bought was purchased from The Chas. H. Lilly Co. When we bought flour, we did not regrind it. The flour we bought from The Chas. H. Lilly Co. was their regular flour that they made right along. It was the fine mesh that we wanted. It was not particularly ground to glue specifications. In our glue specifications we used flour of 100 mesh or better. When we bought flour from The Chas. H. Lilly Co. it was ground to 100 mesh or better. The Chas. H. Lilly Co. knew that the flour they were selling us was being used for glue making purposes in 1927, 1928, 1929 and 1930. I judge they knew it up to the present day. I do not see how they could help it. I wouldn't say that they knew it in 1927. I don't know whether we bought any from them in 1927.

TESTIMONY OF WM. D. FAWTHROP  
for Defendants.

Wm. D. Fawthrop, chemist for the Kaseno Products Company and witness for the defendants, on direct examination testified in part, other portions of the testimony of the witness not being set forth, referring to the NK solution used by Kaseno Products Company in the making of its soya bean glue subsequent to the time that it ceased using carbon bisulphide as such: [164]

Direct Examination.

“Q. Are you familiar with the NK solution?

A. Yes, sir.

Q. Which is used by the Kaseno Products Company in making its glue?

A. Yes, sir.

Q. Of what is this NK solution composed?

A. Rice hulls, caustic soda, carbon bisulphide and water.

Q. I think probably you misunderstood me. The question was, what is the NK solution composed of?

A. The NK solution, rice hulls, caustic soda, carbon bisulphide, and water, and also hexamethylenetetramin in solution.

Q. And of what is the hexamethylenetetramin in solution composed?

A. Formaldehyde, ammonia and water.

(Testimony of Wm. D. Fawthrop.)

Q. The rice hulls, caustic soda, carbon bisulphide and water make what?

A. Viscose.

Q. State whether or not your NK solution has always been composed of the ingredients which you have named?

A. Yes; always."

Cross-examination.

"A. I prefer to give it on the smaller basis, because that is more recent. We have made several slight changes, and it is rather confusing. So the present form we mix it in is 38 pounds of rice hulls, 83 pounds of caustic soda, and I believe it is 210 pounds of CS<sub>2</sub>, altogether.

Q. And how much water?

A. 40 gallons of water, we use. That is about 320 pounds of water."

\* \* \* \* \*

"Q. Now, you are over in the plant, and you start to make this glue in the glue pot. Now, what do you do over there? [165]

A. With the dry glue?

Q. Yes.

A. Well, we put in 300 pounds of cold water, but sometimes the amount of water varies according to the particular variety of flour you might have. Some requires more water than others.

(Testimony of Wm. D. Fawthrop.)

Q. Then what?

A. After we put in the water we put in the dry glue, and mix that for seven minutes.

Q. And then what do you do?

A. Add nine pounds of caustic soda in 15 pounds of water, and mix that for two minutes. Then we add 10 pounds of lime in a mixture with 20 pounds of water. That is a milk of lime.

Q. 10 pounds of lime?

A. Yes; mixed with 20 pounds of water. Then mix that for three minutes, and add 25 pounds of silicate of soda in solution. Then mix that for three minutes.

Q. Mix that for three minutes more?

A. And then we add five pounds of NK solution.

Q. Five pounds of NK solution?

A. Yes, mixed with five pounds of water.

Q. And then your glue is ready to use?

A. No. You have to mix it for four minutes, and then it is ready for use.

Q. How about this NK solution, does it stay pretty stable?

A. Well, the action of viscose seems to collect the water from the solution there, and it begins to swell up. It is not stable. It will last probably two months or six weeks without any material change.

(Testimony of Wm. D. Fawthrop.)

Q. If you had not put the additional 90 pounds of caustic soda in that viscose and hexamethylenetetramin would it then have fallen out?

A. Well, it would not have been produced, probably. The viscose is not produced without the addition of the caustic soda that I mentioned. In our particular solution I am referring to. [166]

Q. I am talking about the last 90 pounds that you added.

A. I know that. I say that the viscose is not produced in a clear solution until the additional caustic soda has been put in.

Q. Well, the viscose reaction, as such, to the point of solubility, has been complete before you put in this additional 90 pounds, hasn't it?

A. Yes; the viscose has really been produced previously, but it will not stay in the solution unless the additional caustic soda is put in.

Q. If you did not put in that 90 pounds of caustic soda would the solution fall out?

A. The solution is just merely a suspension of viscose, rather than a solution."

\* \* \* \* \*

"Q. Now, why do you add this NK solution to the glue?



(Testimony of Wm. D. Fawthrop.)

A. To make waterproofing—to make it waterproof.”

\* \* \* \* \*

“Q. Does it increase the water resistance?

A. That is our object. That is the only—that is one of the objects of putting the solution in, to make it water resistant.”

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TESTIMONY OF JACK SLOAN  
for Defendants.

Jack Sloan, an employee of Kaseno Products Company for four years, called as a witness on behalf of the defendants, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

Direct Examination.

To the combination of 38 lbs. of rice hulls, 173 lbs. of caustic soda and 210 lbs. of carbon bisulphide, there were later added ammonia, formaldehyde and water, and this mixture constituted the NK solution used by the Kaseno Products Company in the making of its glue. [167]

TESTIMONY OF HUGH R. RIPPE  
for Plaintiff.

Hugh R. Rippe, called as a witness on behalf of the plaintiff, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

I am chief chemist for Laucks Laboratories. I have made a chemical analysis of the NK solution (Plaintiff's Exhibit No. 109) used by Kaseno Products Company. This analysis showed the presence of no free carbon bisulphide in the NK solution (Plaintiff's Exhibit No. 109). (This analysis was admitted in evidence as Plaintiff's Exhibit No. 118.)

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TESTIMONY OF DAVIS M. WOOD  
for Defendants.

Davis M. Wood, a chemist, called as witness on behalf of the defendants, testified in part on cross-examination, other portions of the testimony of the witness not being set forth, as follows:

“Q. Suppose you had 38 pounds of rice hulls, and you add 83 pounds of caustic soda, 26 per cent concentration, 210 parts of  $CS_2$ , 320 parts of water, and after a little while you add 90 pounds of caustic soda in 100 pounds of water, what happens?

A. You get a viscose formation, for one thing.

(Testimony of Davis M. Wood.)

Q. All right; how much CS<sub>2</sub> is it going to take to make viscose out of 38 pounds of rice hulls?

A. Not a terrible lot.

Q. What?

A. Not a terrible lot. I don't know just how much.

Q. Well, roughly how much?

A. Oh, I would guess at it, 20 pounds would be sufficient.

Q. All right; we have got 20 pounds of our carbon bisulphide that we use to make viscose with; now, that leaves us 190 pounds left. What became of it? [168]

A. I don't know. I didn't see it.

Q. You did not find any?

A. No.

Q. If it had been there you would have found it?

A. Yes; I would have found it if there had been any there.

Q. What do you think happened in that combination of caustic soda and CS<sub>2</sub>?

A. Oh, you probably get the formation of some thiocarbonate there. How much, I couldn't say.

Q. Would it have been a sodium thiocarbonate?

A. If you had caustic soda, yes.

(Testimony of Davis M. Wood.)

Q. I am not asking you 'if'—it is there, isn't it?

A. Yes.

Q. Now, when viscose is regenerated you say it throws off thiocarbonate?

A. Yes, sir; that is my opinion, that at least part of its decomposition products are thiocarbonate.

Q. Is it sodium thiocarbonate?

A. Yes."

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TESTIMONY OF NAT. S. ROGERS  
for Defendants.

Nat. S. Rogers, called as a witness on behalf of defendants, testified in part on cross-examination, other portions of the testimony of witness not being set forth, as follows:

Cross-examination.

I was employed by Kaseno Products Co. until May, 1924, and since it was generally noised around and generally known that Laucks were working with soya bean glues at the Olympia Veneer, we knew this at Kaseno Products Co. I do not know whether this was in 1923 or 1922, but it was known by us before 1924. [169]

TESTIMONY OF WILMOT H. LILLY  
for Defendants.

Wilmot H. Lilly, called as a witness on behalf of the defendants, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

Direct Examination.

My name is Wilmot H. Lilly. I am one of the defendants in this case, and for five years have been president of the defendant, The Chas. H. Lilly Co. I have been actively connected with the operation of that company for twenty-five years. The Chas. H. Lilly Co. first commenced the manufacture of soya bean flour in about 1916 or 1917. At that time the flour was manufactured for use as tree spray and for edible purposes. The company has continued the manufacture of soya bean flour ever since. It is hard to tell the quantities we milled in 1916 and 1917. Sometimes we would sell a ton of it and sometimes a carload of it, a comparatively small quantity. We haven't sold any soya bean flour for spray purposes very recently. Up until 1924 the amount of soya bean flour we were milling was not great. The big increase came along in 1926 and 1927.

We have been milling soya bean flour from 1916 and 1917. We have been selling locally, in California, Michigan and Pennsylvania. We sold it wherever we could get orders for it. We have what we call our regular soya bean flour. Our reg-

(Testimony of Wilmot H. Lilly.)

ular soya bean flour, ground in the usual manner, is all practically 100 mesh or better; that is, it goes through a 100 mesh screen or better. That is our standard soya bean flour and is used for tree spray and edible purposes. When our company receives an order for soya bean flour, we grind it 100 mesh or better; that is our regular fineness. [170]

We have sold our product to I. F. Laucks, Inc. We first furnished them with soya bean flour in February, 1928. They wanted five tons. The flour we sold them was our standard product, ground to 100 mesh or better. We furnished them soya bean flour for approximately a month and a half, furnishing them better than 100 tons during that time. It was all ground to the same fineness, 100 mesh or better. There were a number of shipments. We continued to supply soya bean flour to Laucks until the latter part of April, 1928. We have received no orders since that time.

During that time we were furnishing soya bean flour to the Kaseno Products Co. The flour sold to the Kaseno Products Co. was, I think, ground to the same specifications as the Laucks' flour. We first commenced to furnish soya bean flour to the Kaseno Products Co. in either 1926 or 1927. Prior to that time we had sold them soya bean material. The difference between meal and flour is that the meal is a cake ground up on some sort of mill that does not get it down to the fineness of flour. The flour is ground by a different process, milled

(Testimony of Wilmot H. Lilly.)

through a silk cloth to make the flour. Flour is meal further processed. Up to 1926 or 1927 we furnished them soya bean meal. Since that time we have been furnishing them soya bean flour ground to 100 mesh or better.

During the period of time we furnished the Kaseno Products Co. with soya bean flour, ground to our standard specifications, we were furnishing soya bean flour to other persons or corporations in the United States. We sell just as much as we can. We try to sell to anybody that will buy it. We sell to anybody that we can sell flour to, like grocery stores, spray manufacturers, glue people and furniture manufacturers. [171]

The Chas. H. Lilly Co. at this time operates a flour mill, and is engaged in the fertilizer business and seed business. We grind wheat flour, principally, bran, whole wheat, and we have ground rice flour, various kinds. We grind any type of flour we can sell. We built our flour mill in 1905. Since that time we have been engaged in the milling of different kinds of flour.

The Chas. H. Lilly Co. has never been engaged in the treating or processing of flour with chemicals of any kind. We never had anything to do with that. We have never at any time treated the soya bean flour we sold to the Kaseno Products Co. with chemicals. Since 1927 we have ground approximately 150 tons of soya bean flour per month. Since 1927 we have imported an average of 1800

(Testimony of Wilmot H. Lilly.)

to 2000 tons of soya bean meal a year. We imported it from the Orient. Approximately 150 tons is processed into flour each month, and disposed of wherever we can find a market.

The Chas. H. Lilly Co. has attempted to develop markets for soya bean flour. We have written letters to everybody that we thought would be interested in it. My brother travels in the east, and has stopped at various places to inquire if there is any market for flour. Those letters were sent out to other concerns than glue manufacturers. I have interviewed calcimine companies and spray manufacturers in California. I have interviewed anyone that I thought might have any use for soya bean flour.

At no time when the Kaseno Products Co. was ordering this flour from us did they explain to us the method or manner in which they used it. We were never familiar with the process by which they manufactured any adhesive that they might manufacture. We never had any discussion with them about the manner in which they used it.

I had a conversation with Mr. Laucks on February 28, 1928. We were anxious to sell Mr. Laucks soya bean flour. We had been sending samples to them and writing letters for a long period of time, and had had people get in touch with him, but we were never able to sell him. On this date I went to Mr. Laucks' office at his request. He asked me what our product was and I explained it to him.



(Testimony of Wilmot H. Lilly.)

He gave us an order for four and one-half tons of one kind and one-half ton of another material. I explained to Mr. Laucks the kind of cake or material our flour was made out of and the fineness of it, 100 mesh or better. He remarked that the price was rather high but that he would try it out. That is all that was said, as I recall. We sent it up and got word back that the flour was satisfactory and then there were other orders placed with us right along, for various quantities—5 tons, 20 tons and 10 tons.

I had a further conversation with Mr. Laucks on April 19, 1928, in Mr. Laucks' office. No one else was present at that time. We discussed a contract. Mr. Laucks wanted to know how much flour we could manufacture, and I told him eight tons per day. We talked about a contract to supply that number of tons per day for a year. I told him we would be very pleased to get that contract. Mr. Laucks remarked that that would be our full capacity; and I answered that it would. He said we would not be able to sell to anyone else. I answered that we would be able to so sell,—that we would immediately put in more machinery if we got that contract. Mr. Laucks said he [173] would not give us the order on that basis. We didn't get the order. They had entered this lawsuit against us just about one week before the time I was up there. The conversation took place after the first case had been served on us. It was part of the proposed

(Testimony of Wilmot H. Lilly.)

contract that he would drop suit if we accepted the contract.

Neither Mr. Laucks nor anyone connected with I. F. Laucks ever notified us that they claimed the Kaseno Products Co. was infringing any patent held by them, prior to the institution of these actions. That matter was never discussed by them. We did not know that the Kaseno Products Co. was violating any right of I. F. Laucks. We first learned that they were making such claim when we were served with the Laucks' suit. That was the first notice we had ever been given.

There are a number of concerns in the City of Seattle manufacturing soya bean flour for glue purposes. Among them are: Fisher Flouring Mills, Albers Bros. Milling Company, and the Soya Millers, Inc. The Soya Millers, Inc., started in 1928. I am pretty sure the Fisher Flouring Mills were manufacturing during the war. They were manufacturing flour, and I don't know when they started to manufacture for glue purposes.

When we delivered the soya bean flour about which I have testified, we never at any time had any knowledge as to the manner in which Kaseno Products Co. was using it. We were simply filling orders that came to us in the regular course of business.

(Testimony of Wilmot H. Lilly.)

Cross-examination.

I knew that the Kaseno Products Company was using this flour to manufacture glue. We didn't know that, however, when [174] they first started in. They were manufacturing earwig bait and a lot of things. When we would get an order for soya bean or soya bean flour, we didn't know at that time anything about what they were doing. I presume in 1927 we knew they were using it to make glue. I never had any official notice of it, but I think they had a sign "Glue" on their building. We knew at that time that soya bean flour was used for glue. From 1927 up to the present time, we had no other larger single customer for soya bean flour of 100 mesh or better than the Kaseno Products Co. We have tried to sell our flour to anybody that would buy it, and pay for it. We directly solicited manufacturers of adhesives to use our flour for glue-making purposes.

I may have discussed with Mr. Laucks in 1928 that we had been advised that certain of the veneer plants were going to make their own glues, and that we were desirous of selling soya bean flour to them for that purpose. I don't know that I told Mr. Laucks we had sent samples to them. We had sent such samples, though. I presume the furniture company in Grand Rapids, Michigan, to which we have sent soya bean flour, used it in making glue.

(Testimony of Wilmot H. Lilly.)

We are selling soya bean flour to the Perkins Glue Company in Pennsylvania, and I assume they are making glue out of it. We have not sold them lately, but we did sell them prior and subsequent to February, 1928. We have sold soya bean flour to the Hercules Glue Company, and the Henning Manufacturing Company of Saginaw, Michigan, both of which are manufacturers of adhesives. We are still selling soya bean flour to this concern in Saginaw, Michigan, for glue-making purposes. Sometimes we sell them a carload and sometimes a ton per month. Whenever [175] they order it, we ship it. They do not use a great deal of it, but they have bought carloads at times and sometimes a ton. We have sold the Perkins Company by the carload and also by the ton. We sold them prior to 1928 and have sold them some since 1928. The Hercules Company and all those customers that buy soya bean flour are about the same. They order quantities at times and then do not order for some time. Then they write or wire to ship them some more, quick. That has continued up to the present time.

I did not know that I. F. Laucks, Inc., owned patents covering the manufacture of glue from soya bean flour. I never heard of it before this lawsuit was commenced. Most of the soya bean flour we have sold since 1927 went into glue plants; that is, glue manufacturing concerns. Business has not been so good in 1931.

(Testimony of Wilmot H. Lilly.)

Redirect Examination.

Neither myself nor the Chas. H. Lilly Co. have had any connection whatsoever with either Mr. Linquist or the Kaseno Products Company, other than selling them flour, just the same as any other customer. We were interested in selling what we manufactured. We have no financial interest whatsoever in the Kaseno Products Co., and never had any such interest. We have never had anything to do with the management or control of the business of that company. Neither myself nor any member of the Chas. H. Lilly Co. has ever in any manner superintended or suggested the use of this particular flour by the Kaseno Products Co. We have never suggested or recommended to any glue manufacturer the particular manner in which this flour should be used in the manufacture of any adhesive. We have never sug- [176] gested any commercial product or material of any kind which was suitable for use with the soya bean in manufacturing adhesives. We have never at any time had any knowledge of any particular material or chemical which might be combined with the soya bean flour in adhesives. I don't know anything about that. I have never had anything to do with that.

Recross-examination.

I am the president and general manager of the Chas. H. Lilly Co. and have been such since 1927

(Testimony of Wilmot H. Lilly.)

or 1928. As our business increased, we put in the necessary equipment to handle it. Most of our sales went for glue making purposes.

“Q. You say that your average milling of soya bean flour, 100 mesh or better, has averaged 150 tons per month?

A. Yes; in that neighborhood.

Q. And that has continued since, an average for the years 1926, 1927, 1928 and 1929?

A. Oh, I would say beginning in 1927. I do not think it averaged anything like that in 1926.”

TESTIMONY OF S. E. VICTOR,  
Recalled for Defendants.

S. E. Victor, recalled as a witness on behalf of the defendants, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

Direct Examination.

My name is S. E. Victor. As purchasing agent for the Chas. H. Lilly Co., I ordinarily handle the orders for soya bean flour and put the orders through. I have been connected with the Chas. H. Lilly Co. since July 25, 1922. I am familiar with the sales of soya bean flour during the past five or six years. During that time there has been a standard price [177] established for soya bean flour from time to time just as with any other merchandise. The price is governed by the buying price and the cost of manufacture; and we set a standard price on it from time to time. The price is not determined or affected in any way by the party to whom we are selling. It is just like selling whole wheat flour or any other product that we sell. We have a standard price on it to one and all. We have sold I. F. Laucks and the Kaseno Products Co. on the same day. The price was identical to both parties. Anyone else who ordered soya bean flour from us would get identically the same price. There is no discrimination. We have never favored the Kaseno Products Co. with any special price lower than the standard market price.

TESTIMONY OF I. F. LAUCKS  
for Plaintiff.

I. F. Laucks, called by the plaintiff, in rebuttal on further direct examination, testified in part, other portions of the testimony of the witness not being set forth, as follows, referring to the Johnson patent in suit:

Direct Examination.

The essential element of the Johnson patent, Exhibit No. 1, which I would deem as a discovery is that Johnson taught and discovered a new glue base,—the tacky substance of the soya bean.

All of the prior art previous to Johnson had taught to isolate the protein and throw all the rest of this stuff away, get rid of fibers, purify the protein.

The prior art taught to get rid of the non-protein matter, the fibers.

Dr. Sato's testimony that he tried very often to get a [178] waterproof glue using soya bean meal but finally reached the conclusion that he must destroy the fibrous character of the cellulose remaining, is in keeping with the teachings of the prior art as of 1922. I could go on and name some other prior art of the same nature. There is the article of Dr. Oskar Nagel quoted extensively, regarding the entire isolation of proteins and purifying them and then using them. There is the Scientific American Supplement article which was cited. That was another teaching of the same sort. Piper &



(Testimony of I. F. Laucks.)

Morse were cited, and they only take isolated proteins. The O'Gorman patent teaches that the protein should be isolated and all impurities carefully removed. None of the prior art previous to the teaching of the Johnson patent, Exhibit No. 1, would have taught the use of fibrous materials as an adhesive base. All of the prior art taught to discard these materials and get rid of them, to carefully purify them out, throw them away.

“Q. In lines 59 to 63 the patentee says as follows, ‘I have found in practice that by using this tacky substance I can produce a very cheap adhesive, and one that is far better than any that has been made by heretofore known formulas.’

What comment have you to make on those lines?

A. Well, I would say that Johnson was emphasizing there the quality, as he considered, of his adhesive, as compared to its cost. As a matter of fact, it has been found in practice that Johnson's base does make the best adhesive, the best glue for fir panels in this Pacific Coast business. It makes a waterproof glue, a veneer glue, that is superior in water-resistant qualities to anything that was heretofore known, as far as that is concerned. And when the cost of it is considered it is very far superior.

(Testimony of I. F. Laucks.)

Here was a man, he took a waste product—there had been no use for it whatsoever before except for manure and fertilizer and cattle food—he took that waste product and converted it [179] into something that was very much more useful than those things it had been used for before, and he certainly was justified in calling the attention of the public to the saving that he was making for the public. That is the way I interpret those lines.

Q. Were there any chemically isolated soya bean proteins on the market as commercial products in 1922?

A. No, sir; and I have never seen any isolated proteins on the market at any time. There have been isolated proteins produced for special purposes, but as a marketable commodity they were not.”

\* \* \* \* \*

“Q. What next does the patentee teach is to be done with this tacky substance?

A. He then gives a formula for making it into an adhesive.

Q. How?

A. He says he may compound the tacky substance with various other agents which may be those commonly used in the manufacture of adhesives, such as hydrated lime and sodium fluoride, the tacky substance and the two agents named being mixed in solution.

(Testimony of I. F. Laucks.)

The important part of that, I would say, was the phrase 'other agents' which may be those commonly used in the manufacture of adhesives, such as hydrated lime and sodium fluoride.

Now, the only adhesive that used lime and sodium fluoride at Johnson's time, 1922, was casein. Therefore, I can only interpret his word 'adhesives' there to mean the casein art. He says 'commonly used in the adhesives', and no other adhesives used lime and sodium fluoride."

There are other combinations of chemicals besides sodium fluoride and lime which with soya bean flour and water will produce adhesives. Adhesives may be produced by most of the double decomposition combinations, lime and carbonate, lime and phosphate, lime and most any of the alkaline salts. They will all produce adhesives with soya bean flour and water, but there are only a few of them that will produce a veneer glue. [180]

Claim 3 of the Johnson patent, Exhibit No. 1, is for an adhesive composition comprising the tacky substance of the soya bean, hydrated lime and sodium fluoride. He narrows down to the specific elements which he has named in the specifications.

Referring to Plaintiff's Exhibit No. 86, to what is designated on that chart as BF3-LS in the fourth line, the raw material in that glue is standard soya

(Testimony of I. F. Laucks.)

bean flour. The chemicals used with that adhesive base are caustic soda, lime, carbon bisulphide and water. The resultant dry strength is 348 pounds. The resultant wet strength is 148 pounds. Fibers are present in this glue.

Referring to what is designated BP-LS in the fourth line under "isolated soya bean protein" on the chart, Plaintiff's Exhibit No. 86, the raw material there used is isolated soya bean protein. The chemicals used with that are just the same chemicals as used with BF3-LS, except that I would not be sure of the water. The water is not shown on this chart but the lime, caustic and carbon bisulphide are the same. The wet strength there is 140 pounds. You get the same thing on the refined soya bean protein here. The addition of carbon bisulphide with no other change at all makes a difference of from 51 to 126 pounds in water resistance. There is no fiber in this refined soya bean protein shown on the chart. That was refined carefully to remove all of the fiber.

By "pounds of water resistance" I mean, strictly, the pull test of a sample. A test piece of plywood is put in water for 48 hours. It is notched before being put in water so that the water attacks the glue line on all four sides. After that 48 hour immersion it is put in the machine and the pounds that [181] it takes to pull the plywood apart are measured, and that is what we mean by these wet tests, in other words, water resistance. The pull

(Testimony of I. F. Laucks.)

on the machine is not a twisting pull. It is just as straight a pull as we can make it mechanically. The method I have just described is the standard method of making such tests.

While I do not take any responsibility for the work of this committee which made the tests depicted on Plaintiff's Exhibit No. 86 because the members of the committee were all experts and they had nothing to do with my organization, nevertheless I do not have to go to the committee's finding to know exactly the same thing that I have testified to, because I have seen it time and time again from our own experiments, our own work, and in our own experience over eight years' time. We did not add anything to our knowledge by the work of this committee.

In our caustic soda patent, Exhibit No. 14, there are no claims touching the use of isolated vegetable protein in glue compounds. Caustic soda as such has no peculiar action on isolated proteins.

By an isolated vegetable protein I mean a protein which has been isolated by chemical means from the other matters of the seeds or meals in which it is found. Practically the only way of doing that is by precipitation with acid from some solution, and then either purifying or not purifying the resultant product.

Isolated protein does not contain all of the colloidal constituents of seed flour. It contains none but the protein and whatever amount of impurities

(Testimony of I. F. Laucks.)

are carried along with the [182] protein if it is not purified to the highest degree. The non-proteinous constituents of the soya bean are the fibrous materials, cellulose, hemicellulose, the sugars, the gums and the oils.

Our first glue was made in 1923 with caustic soda as such, and for a year or so we tried to introduce that glue. Along in 1925 we put out a ready mixed glue and we worked for a year or so trying to introduce ready mixed glues. After a struggle of a year or so we went back to caustic soda. That is what I mean by the reintroduction of caustic soda along in the latter part of 1926 or early 1927. A ready mixed glue is a double decomposition glue with which nothing has to be added at the plant except water. We did not put out a double decomposition glue until 1925. Johnson teaches only a double decomposition glue made from soya bean meal or flour.

“Q. Wherein do vegetable seed flours differ from isolated proteins, as respects their use in glue?”

A. Well, the first difference that occurs to me is from the practical standpoint. Vegetable seed flours are used all over as practical glues; isolated proteins are not. In fact, in my opinion, they have properties that would bar them from being used as practical glue.”

\* \* \* \* \*

(Testimony of I. F. Laucks.)

“Q. What would you say as to the water requirement of an isolated soya bean protein for glue purposes?

A. Isolated proteins in general have such high water requirements that they are not so good for glues. They are beyond the range of what is tolerated in all glue for water requirement. I think one of these charts—it is contained in one of these charts, I believe. Exhibit 85 shows that. Exhibit 85 shows the water requirements to give spreadable viscosities, up as high as 7.3 parts of water. When adhesion was finally obtained, then the water requirement was so high that it was beyond the glue range. [183]

Down at the low water requirements there was no adhesion. That is, I mean the water requirements that were within the glue range did not give adhesion. When you get adhesion, then your water requirement gets beyond your glue range.

Q. Are the properties of the isolated protein the same as those of the protein as it exists in the seed?

A. No. As I have testified before, that is due to the change that takes place in isolation.”

\* \* \* \* \*

“Q. Do you know of any isolated vegetable protein ever having been used practically for glue?

(Testimony of I. F. Laucks.)

A. No, sir; I do not."

\* \* \* \* \*

"Q. Are isolated vegetable proteins easy to obtain, commercially?

A. They are not articles of commerce at all. You cannot buy them on the market."

\* \* \* \* \*

"Q. Can you compare soya bean isolated protein with soya bean flour itself as a practical glue base, or as being used for glue?

A. I testified before as to the water requirement. The water requirement of isolated protein is not within the range permitted for glue. The thinning tendency of isolated proteins is bad, and the purer you get them the greater the thinning tendency becomes. That thinning tendency renders them unfit for glue. A glue mixer, I mean a man mixing glue in a plant, could not mix a mass which had the thinning tendency, unless that was absolutely uniform, one sack after another, so that he could add the right amount of water and no more. And as far as the cost is concerned, it is not practicable from the standpoint of cost."

\* \* \* \* \*

"Q. Have any of the ingredients of vegetable seed residue flours, to your knowledge, been used as adhesive bases prior to the Johnson patent, Exhibit No. 1?



(Testimony of I. F. Laucks.)

A. If by 'used' you mean used in practice—  
[184]

Q. Commercially.

A. Commercially, no, they have not.

Q. Do you mean to say that vegetable seed protein had never been used as a glue base?

A. That is exactly what I mean to say, not used practically. It has been suggested in patents.

Q. I beg your pardon?

A. They have been suggested in patents, but they have not been used commercially."

The teaching and element of discovery in the caustic soda patent, Exhibit No. 14, is that a much better glue is obtained by the use of the particular chemical, caustic soda as such, in an aqueous medium with seed residue flours of considerable protein content. The essential element of discovery contained in the carbon bisulphide patent, Exhibit No. 24, is that this patent teaches the increase in water resistance of an adhesive by the use of carbon bisulphide or its equivalent in an alkaline aqueous medium, the adhesives containing vegetable protein matter.

#### Cross-examination.

Plaintiff is the owner of United States Patent No. 1,680,264, issued to Otis Johnson, covering a process of treating soya beans. The patent covers a particular process of chemically isolating the pro-

(Testimony of I. F. Laucks.)

tein from soya beans for use as a base for an adhesive. The patent sets out the steps to be followed in obtaining the isolated protein. The patentee says that the process may be carried on commercially with dispatch and at small cost. I think he was probably a little enthusiastic about all that treatment when he said "at small cost." I do not believe it could be done at small cost and with dispatch. [185]

Our exhibits show that panels made up from soya bean flour, caustic soda and water, assuming the right proportions were used, have a wet strength of about forty pounds, somewhere around there.

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TESTIMONY OF I. F. LAUCKS  
for Defendants.

I. F. Laucks, called by defendants as an adverse witness, on direct examination, testified in part, other portions of the testimony of the witness not being set forth, as follows, reference being had to the Caustic Soda patent in suit:

Direct Examination.

"Q. I refer you to the paragraph beginning with line 95 on the first page, 'When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein-containing material, for example,

(Testimony of I. F. Laucks.)

soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resistant nor as workable. We find, however, by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, such caustic soda apparently playing the part of dispersing the colloidal material.'

Now, did you mean by that paragraph to convey the idea that caustic soda was not the usual chemical employed in making casein glue?

A. Well, I would say by that paragraph we were attempting to describe some of our experiences. We say 'The usual chemicals employed in making casein glue,' which were lime and sodium silicate. We thought at the time that all we had to do was to take lime and sodium silicate, maybe, and put them on soya bean flour, but we were sadly disappointed; it did not work that way; it did not make anything.

Q. Where did you find out that lime with sodium silicate were the usual chemicals employed in making casein glue?

A. I saw the various veneer plants that were making glue out of casein using lime and silicate, and the so-called government formulas that have been testified to here."

(Testimony of I. F. Laucks.)

“Q. Is sodium fluoride a mild alkali?

A. Sodium fluoride is practically a neutral alkali, I believe. It is a salt, you understand, and it is not of the class of salts which are weak, which have weak acids in connection with the sodium. Hydrofluoric acid is an acid of considerable strength, so that the properties of the union of sodium and the acid, which union forms the salt, the acidic and the basic properties are properly balanced, so that you have practically a neutral salt. You really couldn't call it a mild alkali at all.

Q. Well, what are mild alkalis, some of them?

A. Well, mild alkalis would be alkalis like baking soda, for instance, sodium phosphate, sodium carbonate, perhaps—although that is getting a little bit strong—sodium acetate, perhaps, and so on.

Q. What would sodium silicate be?

A. Sodium silicate, it depends on what kind of sodium silicate you are talking about there. There are a number of different sodium silicates. In some of them they have an excess of alkali, and are not, therefore, mild. In others the alkali and the acid is practically balanced, and they would be called—I do not mean balanced in the sense of being of equal

(Testimony of I. F. Laucks.)

strength, but balanced in proportion — they would be called mild.

Q. I think you said sodium carbonate was a mild alkali, as distinguished from caustic alkali.

A. Certainly as distinguished from caustic soda it would be called mild.

Q. Would sodium silicate be called mild as distinguished from caustic soda?

A. Yes.

Q. And fluoride?

A. Fluoride would be milder than any of those that you have named.”

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TESTIMONY OF DR. HENRY V. DUNHAM  
for Plaintiff.

Dr. Henry V. Dunham, called as a witness on behalf of the plaintiff, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows: [187]

Direct Examination.

“Q. Have you for yourself, or have your companies made any attempt to make plywood glues out of isolated protein of soya bean flour, or vegetable seed residue flours — chemically isolated protein of soya bean flour, or chemically isolated protein of vegetable seed residue flours?

(Testimony of Dr. Henry V. Dunham.)

A. Only in a very small laboratory way. We never tried to do it commercially.

Q. What were the results of such tests or experiments?

A. As regards what?

Q. For the making of a wood glue.

A. They were not at all satisfactory. The isolated proteins, in the first place, they were difficult to disperse, at least, ours were—and they require on the start too much water, and they seem to hydrolize very quickly and come too thin, and lack strength. Our own experience has been that they are not at all satisfactory, up to date.

Q. By the term 'isolated proteins' in your answer were you referring to chemically isolated proteins?

A. Yes.

Q. Is the chemically isolated protein itself easy or difficult to obtain, that is, from seed residue flours?

A. I think it is very difficult to obtain, as far as I know. You mean to obtain by manufacturing it yourself?

Q. Yes.

A. It is very difficult to obtain. That is, it is expensive to get it out, in my judgment, judging from the work that we did at our laboratory.

(Testimony of Dr. Henry V. Dunham.)

Q. Do you know of any concern in the world that is producing isolated vegetable proteins in commercial quantities, so that they can be bought?

A. No; I don't know."

Up to 1922 and 1923 the literature taught the use of isolated or purified protein for glue purposes.  
[188]

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TESTIMONY OF CHARLES N. CONE  
for Plaintiff.

Charles N. Cone, called as a witness on behalf of the plaintiff, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

Direct Examination.

"Q. Have you in your wide experience in the glue art, and in your visits to commercial plants throughout the United States, ever heard of or seen the use of an isolated vegetable protein for glue making purposes?

A. I never have."

\* \* \* \* \*

"Q. What do you regard as the distinguishing characteristic of seed residue flours as compared with other glue bases?

A. I would say that seed residue flour is distinguished very markedly from all formerly adhesive bases, first, in that it is a combination

(Testimony of Charles N. Cone.)

of a number of different types of colloidal material, whereas, all previously used glue bases were more or less pure substances. Starch is very pure; casein quite pure, and animal glue the same.

Not only that, but these various colloidal constituents—no one of these various colloidal constituents of soya bean flour had ever previously been used as a glue base.

Q. Take, for instance, soya bean meal from which the soya bean flour is ground into a glue base, ground for use as a glue base, state to the court whether that meal is or is not a waste product of soya bean?

A. It is a waste product and was until its use for glue was discovered. I believe it was used chiefly as a fertilizer and as stock feed. I would say that soya bean flour is distinguished further from previously used glue bases in that no one of its constituents can be used satisfactorily alone. It is only the combination of these various elements, as they are found in this waste material that will work; and really the most remarkable thing is that even though it has the property of being a good glue base, [189] that that property should ever have been discovered because of that fact that if you do make it up into a glue it does not look like glue, it has none of the properties that are ordinarily attributed to a glue.”

\* \* \* \* \*



(Testimony of Charles N. Cone.)

“A. Well, I explained some experiments that I made from those—I am inclined to believe that they help create this stability that I have spoken about that the soya bean flour glue has that the isolated protein glue does not have. And another important function that I am quite sure of is it modifies the consistency and the handling properties of soya bean flour. I think that fiber is very largely responsible for the lack of adhesive appearance, which from a psychological standpoint is a detriment so far as the prospective customer is concerned, but from an actual practical standpoint is really of benefit.

The COURT.—Like bricks without straw?

A. Yes.

Q. How do you account for the fact that sodium carbonate, as you testified a while ago dispersed with soya bean flour will not make a good glue, and on the other hand you testified that caustic soda as such did make a good glue? Now, why?

A. Well, it is somewhat hard to—I might say it is impossible to give an absolute scientific proof of what you may think about these things. But we have in both cases a substance which—that is, both caustic soda and sodium carbonate dissolve the protein part of the glue, so it seems quite reasonable to me to say that it is due to the beneficial result that the caustic

(Testimony of Charles N. Cone.)

soda has on the other constituents of the soya bean flour, the fibrous material and the other constituents.”

\* \* \* \* \*

“Q. In theory and from analogy with any other known adhesive bases, should not the isolated protein of seed residue flours give you a better glue than seed residue flours themselves?

A. From a theoretical standpoint, reasoning as one skilled in the glue art and not knowing anything about soya bean flour as compared to isolated protein, I should say that from that standpoint it would seem obvious that the isolated protein would make a far superior glue. [190]

Q. In practice have you found that true?

A. No, it is the other way around.

Q. Is there any instance that you know of where the isolated protein of seed residue flour has been used or is now being used in the commercial glue art?

A. I do not know of any such instance.

I might say that we were some affected by the theoretical expression that I have set forth there relative to isolated protein and that we have done a great amount of work on isolated protein, attempting to make an isolated protein glue that would be satisfactory.

(Testimony of Charles N. Cone.)

We have made up in our laboratory over seven hundred batches of experiment glue with isolated proteins and failed absolutely to find any formula of any isolated protein that would make satisfactory glue.”

The prior art previous to the Johnson patent generally taught the use of isolated proteins for glue bases.

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TESTIMONY OF E. SUTERMEISTER  
for Plaintiff.

E. Sutermeister, called as an expert witness on behalf of plaintiff, testified in part on direct examination, other portions of the testimony of the witness not being set forth, as follows:

Direct Examination.

The chart headed “Effect of CS<sub>2</sub>” is a chart depicting the effect of carbon bisulphide on glues made from different adhesive bases, namely, seed meal glues, isolated protein glues and casein glues.

(The chart identified by the witness was offered in evidence and over the objection of defendants’ counsel was received in evidence and marked Plaintiff’s Exhibit No. 86.)

Plaintiff’s Exhibit No. 86 depicts the results of certain tests made by a committee of experts consisting of Dr. L. [191] Bradshaw, Dr. B. B. Coyne, Dr. H. V. Dunham and myself. All tests

(Testimony of E. Sutermeister.)

were made under the closest supervision in the laboratories of I. F. Laucks, Inc. The committee was seated on a raised platform so located that all operations, from the weighing out of samples through the mixing of the glues, to the very application to the panels, were in full view at all times. All samples of the adhesive bases (flours, proteins, etc.) were first identified by some person who was familiar with their preparation or otherwise qualified to vouch for their authenticity. After the glues were mixed they were applied to Douglas fir panels 5x10 inches. For the outer plys the grain ran the five inch way, while for the inner ply it was in the ten inch direction. Each panel was three-ply and twelve panels were made with each glue. The glue was applied by running the center piece or core through a pair of corrugated rolls to which the glue was applied by tipping it up on one end of the core and running the core and glue through the rolls together. This glued both sides of the core which was then placed between two of the other pieces of veneer. The glue was applied ten minutes after its removal from the mixer and ten minutes after the twelve panels had been glued up they were placed together in the press and the pressure brought up to 125 pounds per square inch. The clamps holding the panels were then tightened up and the pressure maintained over night. The panels were then removed, sawed to a size of 3x8 inches, stacked

(Testimony of E. Sutermeister.)

up and allowed to dry at room temperature for five days.

The pieces for the wet tests were soaked in water at room temperature for 48 hours before making the test. During this time the samples were locked into the container with a [192] padlock purchased by myself and I retained both keys until the tests were completed. There was therefore no possibility of tampering with the samples during the soaking period.

All tests, both dry and wet, were made on a standard type of machine which was designed to show the force required in pounds per square inch necessary to break the samples. The sawing of the samples and all strength tests were supervised by me personally.

Tests made as shown by Exhibit 86, using standard soya bean flour as an adhesive base, showed the following:

Panels glued with this adhesive base with which was mixed 8 pounds of caustic soda and water, had a dry strength of 319 pounds per square inch, and a wet strength of 15 pounds per square inch.

Panels glued with this same adhesive base plus 2.58 pounds of carbon bisulphide, had a dry strength of 341 pounds per square inch, and a wet strength of 74 pounds per square inch.

(Testimony of E. Sutermeister.)

Panels made from glue comprised of standard soya bean flour, caustic soda and lime had a dry strength of 374 pounds per square inch, and a wet strength of 38 pounds per square inch.

Panels glued from this last mentioned adhesive base to which had been added 2.58 pounds of carbon bisulphide had a dry strength of 348 pounds per square inch and a wet strength of 148 pounds per square inch.

Tests made as shown by Exhibit 86, using isolated soya bean protein as an adhesive base showed the following: [193]

Panels glued with isolated protein to which caustic soda had been added, had a dry strength of 317 pounds per square inch, and a wet strength of 61 pounds per square inch.

Panels made with this last mentioned glue, to which had been added 2.58 pounds of carbon bisulphide, had a dry strength of 350 pounds per square inch and a wet strength of 137 pounds per square inch.

Panels made with a glue comprised of isolated soya bean protein, caustic soda and lime had a dry strength of 363 pounds per square inch and a wet strength of 83 pounds per square inch.

Panels made with this last mentioned glue to which 2.58 pounds of carbon bisulphide had

(Testimony of E. Sutermeister.)

been added showed a dry strength of 357 pounds per square inch and a wet strength of 140 pounds per square inch.

Panels glued with a glue comprised of refined soya bean protein and caustic soda had a dry strength of 308 pounds per square inch and a wet strength of 51 pounds per square inch.

Panels made with this last mentioned glue, to which 2.58 pounds of carbon bisulphide had been added, showed a dry strength of 355 pounds per square inch and a wet strength of 126 pounds per square inch.

(Plaintiff's Exhibit No. 85 was offered in evidence and over the objection of defendants' counsel was received in evidence.) Exhibit 85 shows the effect of varying the amount of caustic soda on wet precipitated soya bean protein. In all of the tests made as depicted on Exhibit 85 the adhesive base used [194] was wet soya bean protein curd. When 1 pound of caustic soda was added to this adhesive base the panels made therefrom showed a dry strength of 200 pounds per square inch. When 2 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 178 pounds per square inch. When 3 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 198 pounds. When 4 pounds of caustic

(Testimony of E. Sutermeister.)

soda were added to this adhesive base the panels made therefrom showed a dry strength of 162 pounds per square inch. When 5 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 217 pounds per square inch. When 6 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 217 pounds per square inch. When 7 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 311 pounds, and a wet strength of 30 pounds per square inch. When 8 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 312 pounds and a wet strength of 43 pounds per square inch. When 10 pounds of caustic soda were added to this adhesive base the panels made therefrom showed a dry strength of 383 pounds and a wet strength of 88 pounds per square inch.

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**TESTIMONY OF DR. HERMAN V. TARTAR  
for Plaintiff.**

Dr. Herman V. Tartar, called as a chemical expert witness on behalf of plaintiff, testified in part, other portions of the testimony of the witness not being set forth, as follows:



(Testimony of Dr. Herman V. Tartar.)

Direct Examination.

I am a professor of physical chemistry at the University [195] of Washington. I have made a study of colloid chemistry. Glue is a colloid. By the term "glue" as here used I am referring to a material which when put with water might form an adhesive material. The following experiments were made by me for the purpose of showing the effect of carbon bisulphide as to water resistance with its use with isolated protein of soya bean.

I made glue tests last September with isolated soya bean protein, using the following chemicals: Water, caustic soda and carbon bisulphide in glue requirements. I used purified protein from soya bean flour. I mixed this up as glue in a regular glue mixer. I then spread the glue on panels and let the panels stay in clamps over night. Five days later the panels were tested. The test showed a dry breaking strength of 302 pounds per square inch, and a wet test, that is, after soaking 48 hours, of 118 pounds per square inch. This experiment I designated RPSA.

I made another experiment which I designated RPA. In this experiment I took exactly the same protein that I used in RPSA and added water and caustic soda in proportions precisely the same as in RPSA. No carbon bisulphide was added, however. I took exactly the same steps as those taken in experiment RPSA. I spread this substance as

(Testimony of Dr. Herman V. Tartar.)

glue on panels, put the panels in clamps for the same length of time as in the previous experiment, and after five days made wet and dry tests. The dry test showed a strength of 255 pounds per square inch; the wet test showed a strength of 53 pounds per square inch.

I made twelve tests in all and the strengths given are the average of these twelve tests. [196]

In both of the above mentioned tests my adhesive base was isolated soya bean protein. An analysis made of the protein showed that there were no fibers present. Caustic soda was added in the proportion of 8 pounds of caustic soda to 100 pounds of dry adhesive base. To this was added water to the extent of 300 parts of water to 100 pounds of dry adhesive base.

#### Cross-examination.

I carried the experiments out as Mr. Laucks desired them carried out. I am representing here this thing, that is this experiment that I carried out. I am testifying in this experiment as to just what I did. I haven't worked in intimate contact with the soya bean industry. I haven't had any wide experience in working with glue, just simply making tests with glue. I am not an expert on glue. As to the experience I have had they were simply tests as to adhesiveness. I have not had any practical experience in making glue or making plywood.

(Testimony of Dr. Herman V. Tartar.)

I once made some experiments sixteen or seventeen years ago and I have had little experience since that time, excepting I have tested adhesiveness with colloids at times. In the experiments to which I have testified in this case I have followed the instructions which Mr. Laucks had given me with regard to these experiments. My function is to show to you and to the court certain experimental facts. I set out to establish these by experimental methods, starting with certain materials and ending with certain materials. These experiments were definitely planned. We knew what we were driving at and what we were establishing. The materials were not out of my possession and I tested every chemical that went into it and I am here to testify that those facts are true. All of the materials that were used [197] were suggested to me by Mr. Laucks as well as the amount of such material. The gluing of the panels to which I have testified were done in Mr. Laucks' laboratory and in my presence.

#### Redirect Examination.

“Q. Is viscose a sulphur derivative of carbonic acid?”

A. Viscose is a cellulose xanthate, and the xanthates are derivatives of carbonic acid; they are sulphur derivatives of carbonic acid. Therefore I should say that viscose is a sulphur derivative of carbonic acid.”

TESTIMONY OF DAVIS M. WOOD  
for Defendants.

Davis M. Wood, called as a witness on behalf of the defendants, testified in part on direct examination, other portions of the testimony of the witness not being set forth, reference being had to the Johnson patent in suit, as follows:

Direct Examination.

“Q. Now, read the following paragraph and state what he meant by that.

Mr. OGDEN.—Refer to the lines.

A. Line 25.

‘In carrying out the invention, soya beans are first pressed, or otherwise treated to extract their oily content and the resultant pressed cake is either finely ground, when the whole of the residue is to be used. Or else it is treated to extract the adhesive constituent when the high grade adhesive is to be produced. This adhesive constituent, or even the finely ground pressed cake, may be considered as a base for my formula and the same, on account of its adhesive qualities, I will term a tacky substance. I compound the tacky substance with various other agents which may be those commonly used in the manufacture of adhesives.’

Just right there, explain to the court what Johnson meant by referring to agents commonly known mixed with his base? [198]

(Testimony of Davis M. Wood.)

A. He refers there to agents very commonly and ordinarily used in the manufacture of adhesives, the principal adhesive at the time being casein, and the reagents in common use with casein being lime, sodium fluoride, sodium silicate, caustic soda and similar materials.

Q. Follow up where you left off.

A. 'Such as hydrated lime and sodium fluoride, the tacky substance and the two agents named being mixed in solution. I, of course, do not confine myself to hydrated lime and sodium fluoride, as other agents having substantially the same characteristic qualities will be sufficient.'

Q. State to the court what other agents would have the characteristics of sodium fluoride and lime?

A. Any chemical which would have the property of reacting alkaline in an aqueous medium, that is, in water; that is, any agent that is soluble in water and that would react alkaline in this water would have the same or similar properties as sodium fluoride, and any chemical having the properties similar to lime, that is, forming insoluble or very slowly soluble compounds with his constituent of soya bean—that is, protein—would be the equivalents of lime."

\* \* \* \* \*

(Testimony of Davis M. Wood.)

“Q. Now, explain to the court the difference between lime and hydrated lime?”

A. Well, hydrated lime is usually spoken of, commercially as lime. Really, lime is calcium oxide, and the hydrated lime is calcium oxide that has been treated with water.”

\* \* \* \* \*

“Q. With reference to defendants’ Exhibit A-95, what chemicals are shown as being used therein?”

A. Trisodium phosphate, borax, sodium carbonate and other alkaline bodies are shown here.

Q. Will you relate that to the plaintiff’s patents.

A. The trisodium phosphate, borax and sodium carbonate are salts of strong bases with weak acids, and have an alkaline reaction in an aqueous medium. They correspond to the salts of strong bases and weak acids as shown in the carbon bisulphide patent, and such a classification would include the sodium fluoride used by Johnson.” [199]

\* \* \* \* \*

“Q. Now, refer to the liquefying agent, Johnson reissue, Claim 1.

A. An alkali metal liquefying agent would be any salt or sodium or potassium which would react alkaline in an aqueous solution, such as

(Testimony of Davis M. Wood.)

sodium fluoride, sodium phosphate, sodium silicate, sodium borate, sodium carbonate, sodium sulphide and sodium sulphite, sodium oxalate.

(This last used by Knorr as a substitute for disodium phosphate.)”

\* \* \* \* \*

“Q. I asked you if sodium fluoride would come under the classification of salts of weak acids, chemically?

A. Yes, it does.

Q. It is a compound which reacts alkali in solution?

A. Yes, sir.”

JAY C. ALLEN,  
WELDON G. BETTENS,  
Attorneys for Defendants,  
The Chas. H. Lilly Co.  
and Wilmot H. Lilly.

The foregoing narrative statement of the evidence is hereby allowed and approved, and the same is hereby ordered filed as a statement of the evidence to be included in the record on Appeal in the above entitled cause, as provided by Paragraph (b) of Equity Rule 75. The evidence appearing in the form of questions and answers in the exact words of the witnesses has been so set forth in accordance with the plaintiff-appellee’s desire by the direction of the court, under Equity Rule 75 (b) as amended,

in view of the same being expert testimony for the most part, and where not expert testimony, such form is necessary in view of the nature and character of the testimony.

Dated this 25th day of January, 1933.

EDWARD E. CUSHMAN,

Judge.

[Endorsed]: Filed Jan. 26, 1933. Ed. M. Lakin,  
Clerk. [200]

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[Title of Court and Cause.]

EXCEPTIONS AND OBJECTIONS TO COST  
BILL.

The Chas. H. Lilly Co., and Wilmot H. Lilly, defendants herein, except and object to the cost bill served herein by the plaintiff and move to strike the same upon the ground and for the reason that under Section 4922, Revised Statutes, the plaintiff is not entitled to costs herein, and further because under the decision of the court the question of costs is to be heard at the time of "settling the decree."

II.

Should the foregoing objections be overruled or denied, then the said Chas. H. Lilly Co., and Wilmot H. Lilly, each object to any costs being taxed against them or either of them, except the statutory



Clerk's fees, Marshal's fees and attorney's fees, for which they would ordinarily be liable if judgment is adversed to them, upon the ground and for the reasons, that at all times these defendants have maintained a neutral position so far as the rights of the plaintiff and the Kaseno Products Company, as under the patents was concerned, simply maintaining that they were not contributing infringement. None of the costs sought to be taxed were incurred or made necessary by any act or claim of these defendants.

### III.

The defendants object and except to the cost bill as proposed in this:

(a) Reporters fees (share per diem) \$1003.13. upon the ground and for the reasons that the same is not taxable and is improper. That in no event would these objecting defendants be liable for any thereof.

(b) Miscellaneous fees, as stated in the cost bill, upon the same ground and for the same reasons.

(c) Witness fees, these defendants object to the taxation as against them or either of them of any of the witness fees, [201] upon the ground and for the reasons that none thereof were incurred or made necessary by these defendants; and, further, because said witness fees as taxed are exorbitant and excessive and were unnecessarily incurred.

(b) Because said cost bill is prematurely filed, there being no judgment yet entered.

JAY C. ALLEN,  
Attorney for Chas. H. Lilly  
Co. and Wilmot H. Lilly.

[Endorsed]: Filed July 11, 1932. Ed. M. Lakin,  
Clerk. [202]

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[Title of Court and Cause.]

ORDER ALLOWING SUPPLEMENTAL  
PRAECIPE.

On motion of Jay C. Allen and Weldon G. Bet-  
tens, solicitors for The Chas. H. Lilly Co. and  
Wilmot H. Lilly, defendants-appellants in the above  
entitled cause, and good cause being shown therefor,

IT IS HEREBY ORDERED that said defend-  
ants-appellants be, and they are hereby, granted  
permission to file with the Clerk of this Court a  
Supplemental Praecipe, directing said Clerk to in-  
clude in the record on appeal herein the following  
items:

1. Copy of Plaintiff's Exhibit No. 118.
2. Original of Plaintiff's Exhibit No. 85.
3. Original of Plaintiff's Exhibit No. 86.
4. Copy of this Order.

IT IS FURTHER ORDERED that the Clerk  
of this Court transmit to the Clerk of the Appellate

Court, as physical exhibits, Plaintiff's Exhibits Nos. 85 and 86.

Dated this 25th day of January, 1933.

EDWARD E. CUSHMAN,  
Judge.

O. K. as to form:

G. Wright Arnold,  
Raymond D. Ogden,  
Attorneys for Plaintiff-Appellee.

[Endorsed]: Filed Jan. 26, 1933. Ed. M. Lakin,  
Clerk. [206]

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[Title of Court and Cause.]

ORDER ALLOWING FILING OF AMENDED  
PRAECIPE AND FOR TRANSMISSION  
OF ORIGINAL EXHIBITS.

For good cause shown to this Court, it is

ORDERED that the complainant-appellee may file its "Amended Praecipe for Appellee for Additional Parts of the Record," bearing even date herewith.

FURTHER, IT IS ORDERED that the Clerk of the above entitled Court shall transmit original exhibits, both physical and documentary, to the Clerk of the Circuit Court of Appeals for the Ninth Circuit, for the use of that Court on the appeal herein.

Dated this 25th day of January, 1933.

EDWARD E. CUSHMAN,  
Judge.

O. K. as to form:

Jay C. Allen,

Weldon G. Bettens,

Attorneys for Defendants-Appellants.

[Endorsed]: Filed Jan. 26, 1933. Ed. M. Lakin,  
Clerk. [207]

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[Title of Court and Cause.]

PRAECIPE FOR TRANSCRIPT ON APPEAL.

To the Clerk of the Above Court:

You will please forthwith prepare a typewritten transcript on appeal herein, incorporating therein the copies of the following portions of the record:

1. Bill of complaint.
2. Subpoena issued thereon with return of service.
3. Motion of the defendants Lilly, for leave to file amended answer.
4. Order granting same.
5. Motion of the defendants Kaseno Products Co. and George F. Linquist, for leave to file amended answer.
6. Order granting same.
7. Amended answer of Chas. H. Lilly Co. and Wilmot H. Lilly.

8. Amended answer of Kaseno Products Co. and George F. Linqvist.

9. U. S. patent No. 1,689,732—Laucks, being plaintiff's Exhibit No. 14.

10. U. S. patent 1,691,661—Laucks, being plaintiff's Exhibit No. 24. [208]

11. Two disclaimers, being plaintiff's Exhibit 15 and 77.

12. Stipulation of Kaseno and George F. Linqvist which is plaintiff's Exhibit No. 10.

13. Stipulation of Chas. H. Lilly Co., being plaintiff's Exhibit No. 11.

14. Letter of October 17th, 1928, of Chas. H. Lilly Co., being plaintiff's Exhibit No. 59.

15. Letter of Chas. H. Lilly Co., of November 1st, 1928, being plaintiff's Exhibit No. 60.

16. Notice (a letter, Laucks to Chas. H. Lilly Co.), being plaintiff's Exhibit No. 34.

17. Court's memorandum opinion.

18. Notice presenting decree.

19. Decree.

20. Request for findings made by Chas. H. Lilly Co., and the Court's order written thereon refusing same and allowing exception.

21. Request for findings made by Wilmot H. Lilly with Court's order written thereon denying same and allowing exception.

22. Exceptions of defendants Lilly filed July 11, 1932, with Court's order written thereon allowing the same.

23. Exceptions of Kaseno Products Co., and George F. Linquist filed July 16, 1932, with Court's order written thereon allowing the same.

24. Assignment of errors of the defendants Lilly.

25. Assignment of errors of Kaseno Products Co., and George F. Linquist.

26. Petition for appeal made jointly by Chas. H. Lilly Co., Wilmot H. Lilly, Kaseno Products Co., and George F. Linquist and order allowing the same and fixing bond. [209]

27. Bond on appeal with Court's approval thereof.

28. Statement of the evidence.

29. Exceptions to cost bill made by defendants Lilly.

30. Exceptions to cost bill made by defendants Kaseno Products Co., and George F. Linquist.

31. Of this praecipe.

32. Original citation with proof of service.

JAY C. ALLEN,

WELDON G. BETTENS,

Solicitors for Defendants Chas. H. Lilly Co.,  
and Wilmot H. Lilly.

J. Y. C. KELLOGG,

Solicitor for Defendants Kaseno Products Co.,  
and George F. Linquist.

We acknowledge service of the foregoing Praecipe for Transcript on Appeal this 10th day of August, 1932.

RAYMOND G. OGDEN,  
WARD W. RONEY,  
Attorney for Complainant,  
I. F. Laucks, Inc.

[Endorsed]: Filed Aug. 10, 1932. Ed. M. Lakin,  
Clerk. [210]

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[Title of Court and Cause.]

SUPPLEMENTAL PRAECIPE.

To the Clerk of the Above Entitled Court:

You will please include in the record on appeal in the above entitled cause, in addition to the papers called for in our Praecipe filed August 10, 1932, the following:

1. Copy of Plaintiff's Exhibit No. 118.
2. Original of Plaintiff's Exhibit No. 85.
3. Original of Plaintiff's Exhibit No. 86.
4. Copy of Order dated the 25th day of January, 1933, allowing the filing of this Praecipe.
5. Copy of this Praecipe.

JAY C. ALLEN,  
WELDON G. BETTENS,  
Solicitors for Defendants-Appellants, The  
Chas. H. Lilly Co. and Wilmot H. Lilly.

Copy received this 25th day of January, 1933.

G. WRIGHT ARNOLD,  
RAYMOND D. OGDEN,

Attorneys for Plaintiff-Appellee.

[Endorsed]: Filed Jan. 26, 1933. Ed. M. Lakin,  
Clerk. [211]

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[Title of Court and Cause.]

AMENDED PRAECIPE FOR APPELLEE FOR  
ADDITIONAL PARTS OF THE RECORD.

To the Clerk of said Court:

Under Equity Rule 75 (a), the appellee, I. F. Laucks, Inc., hereby designates the following additional portions of the record as its praecipe for the transcript on appeal:

1. Abandonment of assignment of errors on appeal by Kaseno Products Co. and George F. Linquist.
2. Exhibit 2—Soya bean.
3. Exhibit 5—Soya bean oil.
4. Exhibit 6—Soya bean cake.
5. Exhibit 7—Soya bean flour.
6. Exhibit 9—Soya bean meal.
7. Exhibit 80—Committee report.
8. Exhibit 13—Stipulation re Chas. H. Lilly Co.—659.
9. Exhibit 16—Plywood—small piece.



10. Exhibit 17—piece of plywood.
11. Exhibit 18—Plywood expansion.
12. Exhibit 19—Three pieces of plywood with  
pin.
13. Exhibit 20—Plywood test piece—unbroken.
14. Exhibit 21—Plywood test piece—broken.
15. Exhibit 37—Tag used October 15, 1925.
16. Exhibit 38—Tag used since tag of Exhibit  
37.
17. Exhibit 39—Tag used since tag of Exhibit  
38.
18. Exhibit 40—Tag used during 1928.
19. Exhibit 43—Tag used from the end of 1926  
to the present.
20. Exhibit 44—Tag attached to I-X glue.
22. Exhibit 48—Model of panel veneer. [212]
23. Exhibit 74—Statement showing sales of soya  
bean glue from 1923 to 1929.
24. Exhibit 127—1922 comparative glue chart.
25. Exhibit 128—1930 comparative glue chart.
26. Statement of the evidence.
27. Copy of Order of Court relative transmission  
of Original Exhibits.
28. Copy of this praecipe.

G. WRIGHT ARNOLD,

RAYMOND D. OGDEN,

Solicitors for Complainant-Appellee.

Dated January 25, 1933.

We acknowledge service of the foregoing amended Praecipe of Appellee for additional parts of the Record this 25th day of January, 1933.

JAY C. ALLEN,  
WELDON G. BETTENS,  
Solicitors for Defendants, Chas.  
H. Lilly Co. and Wilmot H. Lilly.

[Endorsed]: Filed Jan. 26, 1933. Ed. M. Lakin,  
Clerk. [213]

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[Title of Court and Cause.]

CERTIFICATE OF CLERK U. S. DISTRICT  
COURT TO TRANSCRIPT OF RECORD  
ON APPEAL.

United States of America,  
Western District of Washington—ss.

I, Ed. M. Lakin, Clerk of the United States District Court for the Western District of Washington, do hereby certify that this transcript of record, consisting of pages numbered from 1 to 213, inclusive, is a full, true and complete copy of so much of the record, papers and other proceedings in the above and foregoing entitled cause (except for omission of title of court and cause where omitted) as is required by praecipis of counsel filed and shown herein, as the same remain of record and on file in the office of the Clerk of said District Court at

Seattle, and that the same constitute the record on appeal herein from the Decree of said United States District Court for the Western District of Washington to the United States Circuit Court of Appeals for the Ninth Circuit.

I further certify that the following is a true and correct statement of all expenses, costs, fees and charges incurred in my office or on behalf of the appellant for making record, certificate or return to the United States Circuit Court of Appeals for the Ninth Circuit, in the above entitled cause, to-wit: [214]

Clerk's fees (Act of Feb. 11, 1925) for making record, certificate or return, 630 folios at 15¢ per folio.....	\$94.50
Appeal fee (Sec. 5 of Act).....	5.00
Certificate of Clerk to Transcript of Record.....	.50
Certificate of Clerk to Original Exhibits.....	.50
	<hr/>
Total.....	\$100.50

I further certify that the above cost of preparing and certifying record, amounting to \$100.50, has been paid to me by the solicitors for the appellant.

I further certify that I transmit herewith the original citation issued in the above entitled cause.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of the said

District Court at Seattle, in said District, this 10th day of February, 1933.

[Seal]

ED. M. LAKIN,  
Clerk, United States District Court for the  
Western District of Washington.

By TRUMAN EGGER,  
Deputy Clerk. [215]

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[Title of Court and Cause.]

CITATION.

United States of America, to I. F. Laucks, Inc., a Corporation, GREETING:

You are hereby notified that in a certain case in Equity in the United States District Court for the Western District of Washington, Northern Division, wherein I. F. Laucks, Inc., a corporation, is complainant, and Kaseno Products Co., a corporation, and George F. Linquist, Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, are defendants, an appeal has been allowed Wilmot H. Lilly [216] and the Chas. H. Lilly Co., Kaseno Products Co., a corporation, and George F. Linquist, defendants herein to the United States Circuit Court of Appeals for the Ninth Circuit.

You are hereby cited and admonished to be and appear in the United States Circuit Court of Ap-

peals for the Ninth Circuit at San Francisco, in the State of California, thirty (30) days after the date of this citation, to show cause, if any there be, why the order and decree appealed from should not be corrected and speedy justice done the parties in that behalf;

WITNESS the Honorable Edward E. Cushman, Judge of the District Court for the United States, for the Western District of Washington, this 5th day of August, 1932.

Signed near Esterbrook, Wyoming.

EDWARD E. CUSHMAN,  
District Judge.

Service of the foregoing citation and receipt of copy thereof is hereby acknowledged, this, the 10th day of August, 1932.

RAYMOND D. OGDEN,  
WARD W. RONEY,

Attorneys for I. F. Laucks, Inc., Complainant.

[Endorsed]: Filed Aug. 10, 1932. Ed. M. Lakin,  
Clerk. [217]

In the United States Circuit Court of Appeals for  
the Ninth Circuit.

No. 7084.

THE CHAS. H. LILLY CO., et al.,  
Defendants-Appellants,

vs.

I. F. LAUCKS, INC.,  
Plaintiff-Appellee.

### STIPULATION.

IT IS HEREBY STIPULATED by and between The Chas. H. Lilly Co. and Wilmot H. Lilly, defendants-appellants, and I. F. Laucks, Inc., plaintiff-appellee, through their respective attorneys of record herein, that the following items be omitted from the printed transcript of the record in this cause:

1. Notice of presenting decree (Item No. 18 in appellants' praecipe in this cause).

2. Exceptions of defendants, Kaseno Products Company and George F. Linquist (Item No. 23 in appellants' praecipe in this cause).

3. Assignments of error of defendants Kaseno Products Company and George F. Linquist (Item No. 25 in appellants' praecipe in this cause).

4. Exceptions to cost bill taken by defendants, Kaseno Products Company and George F. Linquist (Item No. 30 in appellants' praecipe in this cause).

Dated this 10th day of March, 1933.

JAY C. ALLEN,  
WELDON G. BETTENS,  
Attorneys for The Chas. H. Lilly Co. and  
Wilmot H. Lilly, Defendants-Appellants.

G. WRIGHT ARNOLD,  
RAYMOND D. OGDEN,  
Attorneys for I. F. Laucks,  
Inc., Plaintiff-Appellee.

[Endorsed]: Filed Mar. 13, 1933. Paul P.  
O'Brien, Clerk.

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[Endorsed]: No. 7084. United States Circuit  
Court of Appeals for the Ninth Circuit. Chas. H.  
Lilly Co., a Corporation, Wilmot H. Lilly, Kaseno  
Products Co., a Corporation, and George F. Lin-  
quist, Appellants, vs. I. F. Laucks, Inc., a Corpora-  
tion, Appellee. Transcript of Record. Upon Ap-  
peal from the District Court of the United States  
for the Western District of Washington, Northern  
Division.

Filed February 13, 1933.

PAUL P. O'BRIEN,  
Clerk of the United States Circuit Court of Ap-  
peals for the Ninth Circuit.





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In the United States  
Circuit Court of Appeals  
For the Ninth Circuit

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No. 7084

CHAS. H. LILLY CO., a corporation, WILMOT H.  
LILLY, KASENO PRODUCTS CO., a corporation,  
and GEORGE F. LINQUIST,

*Defendants-Appellants,*

vs.

I. F. LAUCKS, INC., a corporation,

*Plaintiff-Appellee.*

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On Appeal from the District Court of the United States,  
for the Western District of Washington,  
Northern Division.

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BRIEF of CHAS. H. LILLY CO. and WILMOT H.  
LILLY, Defendants-Appellants.

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JAY C. ALLEN,

WELDON G. BETTENS,

*Solicitors for Appellants.*

Seattle, Washington.



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## STATEMENT OF THE CASE

The letter "R," wherever used in this brief, means the printed "Transcript of the Record" filed herein February 13, 1933. Italics, wherever used, are our own unless otherwise stated. For convenience of expression we refer in this brief to I. F. Laucks, Inc., the plaintiff below, as "Appellee," to The Chas. H. Lilly Co., one of the defendants below, as "Appellant Lilly Co.," and to Wilmot H. Lilly, one of the defendants below, as "Appellant Lilly."

### The Patents

#### (a) Caustic Soda Patent

Appellee is the owner of United States Letters Patent No. 1,689,732, granted October 30, 1928, for "Vegetable Glue and Method of Making Same." Suit was brought against Appellants for alleged contributory infringement of this patent. The patent is known as the "Caustic Soda Patent" and was referred to by all parties during the trial by that designation. As set out in the specification and claims, the patent covers a vegetable glue composition and the process of making the same. The specification (R. 69) states that the inventors have discovered that vegetable proteins or vegetable matter containing proteins can be converted into a waterproof glue by subjecting the material to proper treatment. The specification points out that the invention consists of the combination of ingredients or composition of matter, and the preparation of such com-

position, as set forth in the specification and claims. As pointed out by the witness Laucks, the teaching and element of discovery in the patent is that a much better glue is obtained by the use of the particular chemical, caustic soda, in an aqueous medium with seed residue flours of considerable protein content (R. 245).

The specification points out that soya bean flour constitutes an admirable raw material for the inventors' purpose. The patentees stated, however, that they did not limit themselves to soya bean flour or to vegetable protein derived from soya bean flour, inasmuch as they had made satisfactory glue from similar seed flours or protein matter derived from such. The soya bean is one of many oleaginous seeds which may be ground into flour.

The specification points out that when the usual chemicals employed in making casein glue are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. The inventors state that they have found, however, that by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, the caustic soda apparently playing the part of dispersing the colloidal material.

The specification points out that in practice, there is a great difference between vegetable protein-containing glues made up by treatment with caustic soda and glues made

up by treatment with lime and sodium salts, which, by interaction, may produce caustic soda. The inventors state that preferably they react on the vegetable protein-containing material with both caustic soda and lime. Caustic potash is designated as the equivalent of caustic soda, although more expensive.

The invention of the patent was the use of caustic soda in making glue from seed residue flours, such as soya bean flour, or from protein derived from such flours.

The prior art had taught the use of isolated vegetable protein for glue purposes (R. 237, 251, 255). Some of the prior art cited by the defendants had taught the use of caustic soda with isolated vegetable protein in making glues. In view of the teachings of the prior art, therefore, Appellee, during the trial, disclaimed chemically isolated vegetable protein and filed its disclaimer in the United States Patent Office. The disclaimer (R. 98) was made and filed many months after defendants' answers had been served and filed, and quite some time after the trial had been in progress. A copy of the disclaimer was introduced in evidence. It disclaimed any interpretation or construction of the specification or claims of the patent which would bring within the scope or import of said specification or claims chemically isolated or chemically extracted vegetable protein (R. 100).

The question here presented in connection with the filing of this disclaimer is whether or not, regardless of the holding of the Trial Court on contributory infringement, costs should have been awarded against Appellants notwithstanding Appellee's failure to file the disclaimer before the commencement of suit.

The only claims of the patent held valid by the Trial Court were those which covered the use of soya bean flour with caustic soda. The only glue which would infringe these claims would be a glue containing soya bean flour and caustic soda, or its equivalent, caustic potash. The claims upheld by the Trial Court read as follows (R. 75-76):

"2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali metal hydroxide as such in an aqueous medium.

"4. A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate.

"6. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of the soya bean flour, about  $2-4\frac{1}{2}$  parts of caustic soda in aqueous solution, and about 3-6 parts of calcium hydrate.

"8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such

flour and the caustic soda being about 30 parts of the flour and about 2-4½ parts of caustic soda in aqueous solution."

One of the principal questions presented on this appeal is whether or not Appellants were guilty of contributory infringement of these claims by reason of having supplied soya bean flour to Kaseno Products Co., a codefendant, which manufactured, among other things, soya bean glue. The other principal question is whether or not Appellants were guilty of contributory infringement of the Carbon Bisulphide Patent, hereinafter mentioned, for having sold soya bean flour to Kaseno Products Co. as aforesaid.

#### **(b) Carbon Bisulphide Patent**

Appellee is the owner of United States Letters Patent No. 1,691,661, granted November 13, 1928, for "Vegetable Glue and Method of Making Same." Appellants were charged with contributory infringement of this patent. The patent was granted on a divisional application, divided out of the original omnibus application on which the Caustic Soda Patent was issued. It covers the use of the chemical, carbon bisulphide, in making seed residue glues. The patent is known as the "Carbon Bisulphide Patent" and was referred to by all parties during the trial by that designation. Most of the specification follows word for word the specification of the Caustic Soda Patent. Soya bean flour is pointed out as an admirable raw material for the in-

ventors' purpose. The invention of the patent is the use of carbon bisulphide to increase the water resistance of seed residue glues. As stated by the witness Laucks, the essential element of discovery contained in the Carbon Bisulphide Patent is that this patent teaches the increase in water resistance of an adhesive by the use of carbon bisulphide, the adhesive containing vegetable protein matter (R. 245).

The only claims of the patent held valid by the Trial Court were Claims 13 and 14, which read as follows (R. 88):

“13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a water-proofing agent.

“14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the proportions of about five parts and about thirty parts respectively.”

The only glue which would infringe these claims would be a glue containing soya bean flour and carbon bisulphide.

### **The Pleadings**

Appellee brought suit on these two patents against Kaseno Products Co., a corporation, which manufactured, among other things, soya bean glue, George F. Linqvist, its president, Appellant Lilly Co., a corporation engaged,

among other things, in the flour milling business, and Appellant Lilly, its president and manager.

The complaint (R. 2) charged that the four defendants had jointly and severally infringed upon said patents; that Kaseno Products Co. had made and sold adhesives embodying the patented inventions; that Appellant Lilly Co. had contributed to said infringement by selling to Kaseno Products Co. soya bean material adapted and *intended* to be employed as a substantial part of the patented combination, Appellant Lilly Co. *well knowing* that said material was to be thus used to manufacture said infringing adhesive and fully *intending* that it should be so used (R. 11); that the four defendants had *conspired together* to infringe upon the patents and had refused to desist therefrom (R. 12); that said infringing acts were done *willfully, intentionally* and *in direct defiance* of Appellee's patent rights; that all of the infringing conduct complained of had been committed within six years next preceding the filing of the bill of complaint (R. 12). The complaint alleged that Appellant Lilly was president of Appellant Lilly Co.; that he directed and controlled all its acts and was directly and personally in charge of conducting the infringing acts complained of as respects Appellant Lilly Co. (R. 11). An injunction, an accounting for profits, and judgment for damages were prayed for against all defendants.



The defendants, Kaseno Products Co. and George F. Linquist, served and filed an answer to the complaint (R. 44). In their answer, they denied that they had committed or were committing, or threatened to continue to commit, any wrongful or infringing acts (R. 49); and denied that they had done any act or thing or were doing any act or thing, or proposed doing any act or thing, in violation of any alleged right, or otherwise, belonging to Appellee or secured to it by the letters patent in suit (R. 65). The answer was sworn to by the defendant, George F. Linquist, president of the defendant, Kaseno Products Co. (R. 66-67).

Appellant Lilly Co. and Appellant Lilly served and filed an answer (R. 20) in which they denied that they had committed or were committing any infringing acts; denied that they had any knowledge of the issuance of the patents or had been warned not to infringe (R. 25); denied that they had contributed to any infringement by Kaseno Products Co. by selling soya bean meal adapted and intended to be employed as a part of the patented combination; denied that there was any conspiracy among the defendants; and denied all of Appellee's allegations with respect to alleged contributory infringement.

For an affirmative defense, Appellants alleged (R. 41-43) that the material sold by Appellant Lilly Co. to Kaseno Products Co. was soya bean meal in the regular and

standard form in which said material was sold to the trade in large quantities for divers uses and by a large number of manufacturers; that Appellant Lilly Co. and a large number of other manufacturers engaged in like business had sold said material in like form for a long period of time and prior to the issuance of the patents in suit; that said soya bean material, in the form and manner sold by Appellant Lilly Co. to Kaseno Products Co., was a standard article of commerce and had been such for a long period of time prior to the application for or issuance of the patents in suit; that said material so furnished to Kaseno Products Co. was furnished in response to orders given by that company in the regular course of business, and was furnished without any recommendation or knowledge on the part of Appellants as to its intended use, save only that it was to be used in the manufacture of some form of adhesive; that Appellants had no control, interest or part whatever in the manufacture of said adhesive, nor were Appellants in any way familiar with the process employed by Kaseno Products Co. in the manufacture of adhesives. Appellants denied that they had any connection or part whatever in the manufacture, sale or use of any adhesive materials, except that they furnished said soya bean material in the ordinary course of business.

### **The Evidence**

To establish its case against Appellants at the trial below, Appellee introduced evidence to the effect that the

defendant, Kaseno Products Co., had infringed the patents in suit by making and selling, along with other adhesives, an adhesive containing soya bean flour and caustic soda, and an adhesive containing soya bean flour and carbon bisulphide, and that the said Kaseno Products Co. purchased the soya bean flour used in its adhesives from Appellant Lilly Co. Appellant Lilly Co. had stipulated, prior to trial, that it sold to Kaseno Products Co. for use in the manufacture of adhesives by that company soya bean flour ground to 80 mesh or finer (R. 103). Appellee introduced this stipulation in evidence. No showing was made that either of Appellants at any time had knowledge that Kaseno Products Co. had ever used caustic soda or carbon bisulphide in making an adhesive. No showing was made that either of Appellants ever intended that the flour sold should be used with caustic soda or carbon bisulphide in making an adhesive.

Appellee, over objection and with exception taken, also introduced in evidence two letters written by Appellant Lilly Co. to The Arabol Manufacturing Company of New York City. The first (R. 104), dated October 17, 1928, stated that Appellant Lilly Co. was a manufacturer of soya bean flour, which was being used on the coast as a base in waterproof glue in the place of casein, and suggested that the Arabol Company might be interested in doing a little experimenting along this line. It suggested that the

Arabol Company investigate the use of the product and contained an offer to submit samples of soya bean flour. The second (R. 106), dated November 1, 1928, was in reply to an answer to the first. It stated that Appellant Lilly Co. was forwarding a sample of 100 mesh soya bean flour, this being the mesh preferred by glue manufacturers; that Laucks & Company handled a great deal of the material, using it both for glue and for a wall texture; and that the Arabol Company would undoubtedly do some experimenting with the product. Neither letter suggested how an adhesive could be made from the flour, nor that any particular chemicals could or should be employed.

To establish notice, Appellee put in evidence a letter (R. 108), dated November 16, 1928, written to Appellant Lilly Co., calling attention to the two patents involved in this action, the first covering the use of caustic soda and the second covering the use of carbon bisulphide with vegetable protein flours for adhesive purposes. Appellee also put in evidence a notice (R. 194) it had caused to be published in September, 1925, in "The Timberman," a publication subscribed to by the veneer and lumber trade. No specific patent was referred to in the notice. Another notice (R. 195), published in "The Timberman" in November, 1928, was also put in evidence. This notice referred to the two patents in suit, another patent, and stated that other patents were pending. No showing was made that these notices would likely have come to Appellants' attention.

Appellee introduced testimony to the effect that the glues which it manufactured and sold under the patents in suit, comprising soya bean flour and caustic soda, or soya bean flour and carbon bisulphide, were marked "Patented" as shown by tags attached to all sacks of such glues. No showing was made that any notice was ever given to either Appellant that Kaseno Products Co. was making a glue which infringed the patents. No showing was made that soya bean glues could not be made without infringing the patents.

Appellee thereupon rested its case.

Appellant Lilly and Appellant Lilly Co. each separately moved for a dismissal of the action. Both motions were denied. Exceptions were asked and allowed (R. 206).

Appellant Lilly Co. and Appellant Lilly called but two witnesses in defense. Appellant Lilly testified that he was president and general manager of Appellant Lilly Co. and had been actively connected with the company for twenty-five years; that the company first commenced the manufacture of soya bean flour in 1916 or 1917, and had continued to manufacture it ever since (R. 225); that the flour was manufactured for use as tree spray, for edible purposes, and for use in making glue (R. 225). The flour manufactured for all three of these purposes was ground to 100 mesh or better, that being the regular fineness of Appellant Lilly Co.'s standard soya bean flour (R. 226). This

flour was sold to Kaseno Products Co. for use in making adhesives, as well as to other glue manufacturers (R. 232), grocery stores, spray manufacturers and furniture manufacturers (R. 227). Appellant Lilly Co. had never processed its flours with chemicals of any kind (R. 227). Appellants had never known, or suggested to any customer, the chemicals which might be combined with soya bean flour in the manufacture of adhesives (R. 233). Appellant Lilly knew that Kaseno Products Co. was making glue, but never at any time knew how Kaseno Products Co. made its adhesive or what chemicals it used (R. 228). Appellant Lilly Co. was simply filling orders received in the regular course of business (R. 230). There are a number of concerns in the City of Seattle manufacturing soya bean flour for glue purposes (R. 230). Appellee never at any time prior to suit notified Appellants that Kaseno Products Co. was infringing any patent held by Appellee (R. 230). Appellant Lilly had a conversation with Mr. Laucks on February 28, 1928, almost a year before suit was started. Mr. Laucks then placed an order for soya bean flour, which order was followed up by other orders for various quantities (R. 228). No mention was made of any patents owned by Appellee. No claim was made that Kaseno Products Co. was making an infringing glue. Appellants did not know Appellee owned patents covering the manufacture of glue from soya bean flour (R. 232). Appellant Lilly Co. has been grinding various kinds of flour since 1905 (R. 227). It grinds wheat

flour principally, bran, whole wheat and rice flour,—various kinds (R. 227). It is also engaged in the fertilizer business and seed business. It has never made or sold adhesives (R. 227).

S. E. Victor testified that he was purchasing agent for Appellant Lilly Co.; that the company sets a standard price on soya bean flour; that sales are made to all purchasers without price discrimination, and that Kaseno Products Co. was never favored with any special price lower than the standard price (R. 235).

The testimony of the two witnesses called by Appellants was not rebutted by Appellee. It was established in rebuttal, however, and by other evidence in the case, that glue could and had been made from soya bean flour without the use of either caustic soda or carbon bisulphide (R. 198, 200, 201, 208, 210, 214, 215, 239, 242); that Appellee had manufactured and sold soya bean glue which did not embody the chemicals taught by the patents in suit (R. 198, 200, 201, 242); that a glue may be made from isolated protein of the soya bean disclaimed by Appellee (R. 240, 258-262); that the Kaseno Products Co. had made and sold such a glue (R. 211), and that the prior art taught the making of such glue (R. 237, 251, 255), although Appellee claimed it was not practicable as a veneer glue (R. 243, 244, 250, 254); that none of the claims of the Caustic Soda Patent touch the use of isolated soya bean protein in

glue compounds (R. 241); that neither of the claims of the Carbon Bisulphide Patent here involved cover isolated soya bean protein (R. 88).

### **The Decree**

The Trial Court found that Claims 2, 4, 6 and 8 of the Caustic Soda Patent, and Claims 13 and 14 of the Carbon Bisulphide Patent, were valid; that the Kaseno Products Co. had infringed these claims and that Appellants were guilty of contributory infringement of these claims. The liability of Appellants as contributory infringers was based upon the stipulation and two letters to The Arabol Manufacturing Company, above mentioned (R. 154). The Court entered a decree (R. 156) enjoining Appellants from making, selling, using, or contributing to the making, selling or using of glues embodying the invention of Claims 2, 4, 6 or 8 of the Caustic Soda Patent, or Claims 13 or 14 of the Carbon Bisulphide Patent, and enjoining Appellants from conspiring to infringe said claims. The decree provided that Appellee recover from the four defendants in the case the profits, gains and benefits which the defendants had jointly or severally derived, and awarded Appellee recovery against the four defendants, jointly and severally, for all damages which Appellee had sustained by reason of the infringing acts; allowed Appellee judgment for costs, and referred the case to a master for an accounting. It is from this decree that Appellant Lilly Co. and Appellant Lilly have appealed



to this Court. Exceptions to the provisions of the decree complained of were duly taken and allowed (R. 165).

### **The Questions Involved**

This appeal does not involve the question of the validity of any claims upheld by the Trial Court, nor does it involve the question of infringement of those claims by the defendants, Kaseno Products Co. and George F. Linquist. The questions involved in this appeal are the following:

1. Were Appellants, under the evidence, guilty of contributory infringement of Claims 2, 4, 6 or 8 of the Caustic Soda Patent, or Claims 13 or 14 of the Carbon Bisulphide Patent?
2. Should the lower Court's decree in any event have held Appellant Lilly individually liable simply because he was the president and manager of Appellant Lilly Co.?
3. Should the lower Court's decree in any event have awarded Appellee judgment for costs notwithstanding the filing of a disclaimer in the Patent Office during the trial of the case?

**SPECIFICATION OF ERRORS****I.**

The Court erred in admitting in evidence Plaintiff's Exhibits 59 and 60, being the two letters written by Appellant Lilly Co. to The Arabol Manufacturing Company, and reading as follows (R. 104, 106):

“October 17, 1928.

The Arabol Manufacturing Co.,  
110 East 42nd St.,  
New York, N. Y.

Gentlemen:

We are manufacturers of Soya Bean Flour which is being used extensively on this Coast as a base in waterproof glue. Glue made from this material has almost entirely replaced casein glue in the manufacture of Plywood or veneer. Formerly the mills in this territory used practically nothing but casein glue in the manufacture of these panels but have now switched to a Soya Bean glue with which they secure as good or better adhesive at a far lower cost.

We understand you people are the largest manufacturers in the world of various adhesives and the thought occurred to us that if you are not now using Soya Bean flour in any of your products you might be interested in doing a little experimenting along this line. If you are already using this material we would be only too glad to submit samples of our product and quote you prices.

Our material is a true Soya Bean flour in every sense of the word and is not to be confused with various grades of fine ground Soya Bean meal which are sometimes offered. Our material is specially processed to remove a very large percentage of the fiber and is

bolted through a flour mill process through a fineness of 100, 109, or 126 mesh. We have sold large quantities to glue manufacturers on the coast here and have shipped some to the glue manufacturers in the furniture district around Grand Rapids, Michigan, and also to various glue manufacturers on the East Coast, and in every case our product has met with their approval as to quality and uniformity, and we know that our prices are in line, and have been getting repeat business from them. We believe that if you are not now using Soya Bean Flour in any of your products it would certainly be to your interest to investigate its use, and to that end we are glad to furnish you with what samples and information we have on the subject.

Awaiting your reply and trusting that we may be of some service to you, we are,

Yours very truly,

LILLY'S—SEATTLE,

(Sgd) S. E. VICTOR,

SEV-PE

By S. E. VICTOR."

"Nov. 1, 1928.

The Arabol Manufacturing Co.,  
110 East 42nd St.,  
New York, N. Y.

Via Air Mail

Attention, Mr. A. M. Baumann:

Gentlemen:

We thank you for your letter of Oct. 23d and are glad to know that you are interested in Soya Bean Flour. We are sending you a 25 lb. bag of this material as a sample. We are sending you only the one grade which has been processed through 100 mesh. This is the grade that is in the greatest demand in this section of the country, although we have made some flour

as fine as 109 and 126 mesh. The various Glue manufacturers seem to prefer the finer mesh, however they have been buying the 100 mesh inasmuch as the cost is less.

We are pleased to quote you a price of \$65.00 per ton f. o. b. Seattle, draft terms, in car lots, on this grade; or \$70.00 per ton f. o. b. Seattle, draft terms, in less than car lots.

This is a comparatively new commodity on the market and considering the short length of time it has been used it has gained the approval of Glue manufacturers in this locality. We have been told indirectly that Laucks & Company of Seattle handle hundreds of tons of this material each month, and it is said that they are using it both for Glue and for a wall texture. Several other manufacturers on this Coast and on the East Coast are buying the material in carload lots, and one of these manufacturers who turns out nothing but glue is now using four to five cars monthly. We see great possibilities for the use of Soya Bean Flour in your territory and are pleased that you are taking an interest in it and will undoubtedly do some experimenting. We shall be pleased to hear from you as to what you think of the material and how your experiments work out.

Thanking you for the opportunity of quoting and submitting samples, and trusting that we may be of further service to you, we are,

Yours very truly,

THE CHAS. H. LILLY CO.,

(Sgd) S. E. VICTOR,

By S. E. VICTOR."

SEV-PE

This specification covers and is based upon assignments of error Numbers 1 and 2 (R. 173, 174).

## II.

The Court erred in overruling the motion of Appellant Lilly Co., made at the close of plaintiff's case in chief, that as to it the action be dismissed (R. 206).

This specification is based upon and covers assignment of error Number 4 (R. 174).

## III.

The Court erred in overruling the motion of Appellant Lilly, made at the close of the plaintiff's case in chief, that as to him the action be dismissed (R. 206).

This specification is based upon and covers assignment of error Number 3 (R. 174).

## IV.

The Court erred in holding in its memorandum decision (R. 111), which memorandum decision the Court adopted as its Findings of Fact and Conclusions of Law (R. 156), that the two letters set forth in Specification No. 1, together with the stipulation that Appellant Lilly Co. sold soya bean flour ground to 80 mesh or finer to Kaseno Products Co., for use in the manufacture of adhesives by that company (R. 103), were sufficient:

- (a) To show contributory infringement on the part of Appellants (R. 154);
- (b) To take the case out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent without intent to contribute to the manufacture of such product does not infringe (R. 154);

- (c) To show that it was the intent of Appellants that the article sold by them should be used by their codefendants in the manufacture of the product of Appellee's inventions (R. 154).

This specification covers and is based upon assignments of error Numbers 12, 13 and 14 (R. 176-181).

#### V.

The Court erred in holding (R. 154) and decreeing (R. 159) that Appellant Lilly Co. had contributorily infringed Claims 2, 4, 6 and 8 of the Caustic Soda Patent, and Claims 13 and 14 of the Carbon Bisulphide Patent, and in refusing to find and conclude to the contrary and to dismiss the action as requested (R. 163).

This specification covers and is based upon assignments of error Numbers 8, 9, 10, 15, 16 and 17 (R. 175, 176, 181).

#### VI.

The Court erred in holding (R. 154) and decreeing (R. 159) that Appellant Lilly had contributorily infringed Claims 2, 4, 6 and 8 of the Caustic Soda Patent, and Claims 13 and 14 of the Carbon Bisulphide Patent, and in refusing to find and conclude to the contrary and to dismiss the action as requested (R. 164).

This specification covers and is based upon assignments of error Numbers 5, 6, 7, 15, 16 and 17 (R. 175, 181).

## VII.

The Court erred in decreeing that a Writ of Perpetual Injunction issue against Appellants as directed in the eighth paragraph of the decree (R. 159).

This specification is based upon and covers assignment of error Number 18 (R. 182).

## VIII.

The Court erred in decreeing that Appellee recover from Appellants the profits, gains and benefits derived by Appellants and their codefendants, which may have accrued to them jointly or severally by reason of said infringement, and recover from Appellants all damages sustained by Appellee by reason of the infringing acts of all of the defendants in the case, as set forth in the ninth paragraph of the decree (R. 160).

This specification is based upon and covers assignment of error Number 19 (R. 183).

## IX.

The Court erred in giving and entering judgment against Appellants for plaintiff's costs (R. 162).

This specification is based upon and covers assignment of error Number 20 (R. 184).

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**BRIEF OF ARGUMENT****I.****Contributory Infringement****A—Contributory Infringement Defined and Rule Applied:**

1. Contributory infringement of a patent is the intentional aiding of one person by another in the unlawful making, or selling, or using of the patented invention.

*Henry v. A. B. Dick Co.*, 224 U. S. 1, 34; 56 L. Ed. 645, 658;

*Wilson v. Union Tool Co.*, (C.C.A.-9th), 265 Fed. 669, 672;

*Harvey Hubbell, Inc. v. General Electric Co.*, (C.C. A.-2nd) 267 Fed. 564, 571.

2. Contributory infringement is an intentional aiding and abetting in the commission of an infringing act; where there is collusion, planning or concert of action between the joint actors.

*Thomson-Houston Elec. Co. v. Ohio Brass Co.*, (C. C.A.-6th) 80 Fed. 712, 721;

*Goodyear Shoe Machinery Co. v. Jackson*, (C.C.A.-1st) 112 Fed. 146, 148;

*Handel Co. v. Jefferson Glass Co.*, 265 Fed. 286, 287;

*Belknap v. Wallace Addressing Mach. Co.*, 10 Fed. (2d) 602, 604.

3. Knowledge that one is aiding in an infringement and an intent to so aid are essential elements of contributory infringement.



*Coolidge v. McCone*, 1 Ban. & A. 78, 6 Fed. Cas. No. 3186;

*Individual Drinking Cup Co. v. Errett*, (C.C.A.-2nd) 297 Fed. 733, 739;

*Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co.*, (C.C.A.-6th) 129 Fed. 105, 111.

4. The manufacture and sale of a separate element of a patented combination, the use of which element is not limited to the patented combination, does not constitute contributory infringement unless it be proved that such manufacture and sale was for the purpose and with the intent of aiding infringement.

*Saxe v. Hammond*, 1 Ban. & A. 629, 21 Fed. Cas. No. 12411;

*Snyder v. Bunnell*, 29 Fed. 47;

*Winne v. Bedell*, 40 Fed. 463;

*Thomson-Houston Elec. Co. v. Ohio Brass Co.*, (C. C.A.-6th) 80 Fed. 712, 723;

*Leeds & Catlin Co. v. Victor Talking Mach. Co.*, (C. C.A.-2nd) 154 Fed. 58, 60.

5. One who sells an ordinary article of commerce susceptible of innocent use unconnected with the product of a patent, without intent to contribute to the making of the patented product, is not guilty of contributory infringement and is not liable even though the purchaser uses the article in bringing about an infringement.

*Rumford Chem. Wks. v. Hygienic Chem. Co.*, 148 Fed. 862, 154 Fed. 65, 52 L. Ed. 355, 54 L. Ed. 137;

*Keystone Bridge Co. v. Phoenix Iron Co.*, 14 Fed. Cas. No. 7751;

*Robbins v. Aurora Watch Co.*, 43 Fed. 521, 527;

*Lane v. Park*, 49 Fed. 454;

*Edison Elec. Light Co. v. Peninsular Light, Power & Heat Co.*, 95 Fed. 669;

*Cary Mfg. Co. v. Standard Metal Strap Co.*, 113 Fed. 429;

*Standard Computing Scale Co. v. Computing Scale Co.*, (C.C.A.-6th) 126 Fed. 639, 653;

*Rupp & Wittgenfeld Co. v. Elliott*, (C.C.A.-6th) 131 Fed. 730, 732;

*Cortelyou v. Charles E. Johnson & Co.*, (C.C.A.-2nd) 145 Fed. 933.

#### **B—Burden of Proof:**

1. Where the charge of contributory infringement is based upon the furnishing of an essential part of a patented combination, and the part furnished is susceptible of an innocent use, plaintiff has the burden of affirmatively proving an intent that the part furnished should be used in an infringing way.

48 *C. J.* 360;

*General Electric Co. v. Sutter*, 186 Fed. 637;

*Whitney v. New York Scaffolding Co.*, (C.C.A.-8th) 243 Fed. 180, 184, 185.

#### **C—Failure of Proof:**

1. Appellee failed to prove any knowledge on the part of Appellants, either of the issuance or existence of the

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patents or of any infringement thereof by Kaseno Products Co. (R. 192-206).

2. Appellee failed to prove any intent on the part of Appellants to aid in any infringement by Kaseno Products Co. (R. 192-206).

3. Appellee's own proof showed that the element of the patented combination furnished by Appellant Lilly Co., namely, soya bean flour, was susceptible of use in noninfringing adhesives.

- (a) The Caustic Soda Patent acknowledges that soya bean glues can be made without the use of caustic soda, and simply teaches that a better glue is obtained by the use of caustic soda (R. 71, 245).
- (b) The Carbon Bisulphide Patent acknowledges that soya bean glues can be made without the use of carbon bisulphide, and simply teaches that the addition of carbon bisulphide imparts very great water resisting properties to the glue (R. 83, 245).
- (c) I. F. Laucks, president of Appellee company, testified as to several glues that could be made from soya bean flour without the use of either caustic soda or carbon bisulphide (R. 239).
- (d) Appellee has manufactured and sold large quantities of soya bean glue which did not contain either caustic soda or carbon bisulphide (R. 198, 200, 201, 242).
- (e) Kaseno Products Co. has manufactured and sold soya bean glues made from formulas which did not contain either caustic soda or carbon bisulphide (R. 208, 210, 214, 215).
- (f) I. F. Laucks, and other of Appellee's expert witnesses, testified that the prior art taught the use

of chemically isolated protein, disclaimed by Appellee, in the manufacture of adhesives (R. 237, 251, 255).

- (g) Appellee's expert witnesses demonstrated and testified that isolated soya bean protein could be used in the manufacture of adhesives (R. 240, 258-262).
- (h) Appellee is the owner of a patent covering a particular process of chemically isolating the protein from soya beans for use as a base for an adhesive (R. 245).
- (i) Kaseno Products Co., for a time, made adhesives from chemically isolated soya bean protein (R. 211).

**D—Undisputed Proof of Lack of Knowledge of Infringement or Intent to Aid in Infringement:**

1. Appellants had no notice of any infringement of the patents in suit by Kaseno Products Co. (R. 230).

2. Appellants had no knowledge of the issuance of the patents in suit or of how Kaseno Products Co. manufactured its adhesives (R. 230, 232).

3. Appellants had no intention of aiding in any infringement (R. 225-233).

- (a) Appellant Lilly Co. is an old established firm, having built its flour mill in 1905, and is engaged in the business of grinding various kinds of flour as well as in the fertilizer and seed business (R. 227). Sales made to Kaseno Products Co. were made in the regular course of business (R. 230).
- (b) Soya bean flour is a standard article of commerce which Appellant Lilly Co. has been manufacturing and selling since 1916 or 1917, sales being made to

grocery stores, spray manufacturers, glue people and furniture manufacturers (R. 225, 227).

- (c) Appellants have never known what chemicals might be employed in making soya bean glue, and have never recommended or suggested to Kaseno Products Co. or to any glue manufacturer any chemicals suitable for such use (R. 233).

## II.

### Individual Liability of Appellant Lilly

A.—The officers and agents of a corporation, when they act merely as its officers or agents, are not liable for its infringement of a patent; it is only when the officers act outside the scope of their official duties that they become liable.

*Hutter v. De Q. Bottle Stopper Co.* (C.C.A.-2nd)  
128 Fed. 283, 286;

*New Departure Mfg. Co. v. Rockwell-Drake Corp.*,  
(C.C.A.-2nd) 287 Fed. 328, 334;

*D'Arcy Spring Co. v. Marshall Ventilated Mattress Co.*, (C.C.A.-6th) 259 Fed. 236, 242;

*Vapor Car Heating Co. v. Gold Car Heating & L. Co.*, 296 Fed. 201, 203;

*Smalley v. Auto Specialists, Inc.*, 7 Fed. (2d) 710, 715;

*Dangler v. Imperial Match Co.*, (C.C.A.-7th) 11 Fed. (2d) 945, 947;

*Fyrac Mfg. Co. v. Bergstrom*, (C.C.A.-7th) 24 Fed. (2d) 9, 11;

*Fulton Co. v. Janesville Laboratories*, 29 Fed. (2d) 913;

*American Machinery Co. v. Everedy Mach. Co.*, 35 Fed. (2d) 526, 528;

*Booth v. Stutz Motor Car Co. of America*, 56 Fed. (2d) 962, 969.

B.—It has been held that, in the absence of special circumstances which would make an officer of a corporation individually liable, he is not a proper party and the bill as to him should be dismissed, even though the corporation, its officers and agents, are enjoined.

*Hutter v. De Q. Bottle Stopper Co.*, (C.C.A.-2nd) 128 Fed. 283, 286;

*Tinsel Corporation v. B. Haupt & Co.*, 25 Fed. (2d) 318;

*Trico Products Corporation v. Ace Products Corporation*, 30 Fed. (2d) 688, 689;

*Arrow Electric Co. v. Gaynor Electric Co.*, 30 Fed. (2d) 956;

*Art Metal Works, Inc. v. Henry Lederer & Bro. Inc.*, 36 Fed. (2d) 267, 269.

C.—Appellant Lilly at no time acted other than as an officer of Appellant Lilly Co., and at no time acted outside the scope of his official duties (R. 225, 233).

### III.

#### Filing of Disclaimer As Affects Costs

A.—Where plaintiff files a disclaimer, after suit brought, no costs can be recovered.

Sec. 4922, R. S.; 35 U.S.C.A. Sec. 71, page 613;

*O'Reilly v. Morse* (Ky. 1853) 56 U. S. (15 How.) 62, 14 L. Ed. 601;

*Silby v. Foote* (N. Y. 1858) 61 U. S. (20 How.)  
378, 15 L. Ed. 953;

*Sessions v. Romadka* (Wis. 1892) 145 U. S. 29, 12  
S. Ct. 799, 36 L. Ed. 609, reversing (C.C. 1884)  
21 F. 124;

*Hailes v. Albany Stove Co.*, 123 U. S. 582, 31 L. Ed.  
284.

B.—Appellee's bill of complaint was filed February 14, 1929, and served February 25, 1929; the disclaimer was filed in the Patent Office May 23, 1930, and introduced in evidence June 2, 1930 (R. 14, 16, 97, 96).

## ARGUMENT

**ARGUMENT POINT I—Appellants Were Not Guilty of Contributory Infringement.**

A.—CONTRIBUTORY INFRINGEMENT OF A PATENT IS A TORT IN THE NATURE OF A TRESPASS, AND CONSISTS OF KNOWINGLY AND INTENTIONALLY AIDING AND ABETTING ANOTHER IN THE COMMISSION OF AN INFRINGING ACT.

The Federal Courts have precisely defined contributory infringement and have set forth the essential elements which must exist to constitute the tort.

In *Henry v. A. B. Dick Co.*, 224 U. S. 1, 34; 56 L. Ed. 645, 658, the Court said:

“‘Contributory infringement,’ says Judge Townsend in *Thomson-Houston Electric Co. v. Kelsey Electric R. Specialty Co. supra*, ‘has been well defined as the *intentional aiding* of one person by another in the unlawful making, or selling, or using of the patented invention.’ To the same effect are *Wallace v. Holmes*, 9 Blatchf. 65, Fed. Cas. No. 17,100; *Risdon Iron & Locomotive Works v. Trent*, 92 Fed. 375; *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 26 C. C. A. 107, 54 U. S. App. 1, 80 Fed. 721; *American Graphophone Co. v. Hawthorne*, 92 Fed. 516.”

In *Wilson v. Union Tool Co.* (C.C.A.-9th) 265 Fed. 669, 672, a case where knowledge of infringement and an intent to aid therein were shown to exist, this Court, in stating the rule of contributory infringement, said:



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“In *Thomson Houston v. Ohio Co.*, 80 Fed. 712, 26 C. C. A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells one element of a combination covered by a patent, *with the intention and for the purpose* of bringing about its use in such combination, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination.”

In *Harvey Hubbell, Inc. v. General Electric Co.* (C.C. A.-2nd) 267 Fed. 564, 571, the Court defined the tort as follows:

“Contributory infringement essentially consists in *intentionally* giving aid to, or *intentionally* co-operating in, an infringement.”

This definition was quoted with approval in the case of *Belknap v. Wallace Addressing Machine Co.*, 10 Fed. (2nd) 602, 604.

In *Thomson-Houston Electric Co. v. Ohio Brass Co.* (C.C.A.-6th) 80 Fed. 712, 721, the Court said:

“It is well settled that where one makes and sells one element of a combination covered by a patent *with the intention and for the purpose of bringing about its use in such a combination* he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. \* \* \* An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some *concert of action* between him who does the in-

jury and him who is charged with aiding and abetting, before the latter can be held liable.”

In *Goodyear Shoe Machinery Co. v. Jackson* (C.C.A.-1st) 112 Fed. 146, 148, the Court defined contributory infringement and cited numerous authorities in support of its definition. The Court said:

“Contributory infringement is ‘the intentional aiding of one person by another in the unlawful making or selling or using of the patented invention’; and this is usually done by making or selling a part of the patented invention *with the intent and purpose of so aiding*. The essence of contributory infringement lies in *concerting or planning with others* in an unlawful invasion of the patentee’s rights.”

B.—KNOWLEDGE THAT ONE IS AIDING IN AN INFRINGEMENT AND AN INTENT TO SO AID ARE ESSENTIAL ELEMENTS OF CONTRIBUTORY INFRINGEMENT.

Without guilty knowledge and intent, the necessary concert of action is missing and there can be no contributory infringement. This fundamental principle underlies all of the decisions on the subject.

In *Bullock Elec. & Mfg. Co. v. Westinghouse Elec. & Mfg. Co.* (C.C.A.-6th) 129 Fed. 105, 111, the Court cited a number of cases on the point and said:

“The *intent and purpose* that the element made and sold shall be used in a way that shall infringe the combination in which it is an element constitutes the necessary concert of action between him who furnished the single part and he who actually does the injury by the assembling and using of all the parts in such a

way as to be an infringement. This principle runs through all the cases upon contributory infringement. (Cases cited.)

“In *Snyder v. Bunnell* (C.C.) 29 Fed. 47, Judge Coxe gave his emphatic approval to the principle laid down by Judge Shipley in *Saxe v. Hammond*, cited above, where it was said that ‘the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted for the purpose and with the intent of aiding infringement, is not in and of itself infringement.’ That the single element was made and sold was with the intent and purpose of aiding another in infringing must appear, or the necessary concert of action will be missing. This may be shown presumptively, as it is when the article is incapable of any other use than an infringing one. If, on the other hand, it be adapted to other uses ‘the intention to assist in infringement must be otherwise shown affirmatively.’ *Thomson-Houston Co. v. Ohio Brass Works*, 80 Fed. 712, 723, 26 C. C. A. 107.”

In *Individual Drinking Cup Co. v. Errett* (C.C.A.-2nd) 297 Fed. 733, 739, after reviewing the outstanding cases touching upon contributory infringement, the Court said:

“In the last analysis, the fundamental thought is that, before one may be held for contributory infringement, it must be shown that he had *knowingly* done some act without which the infringement would not have occurred.”

C.—THE MANUFACTURE AND SALE OF A SEPARATE ELEMENT OF A PATENTED COMBINATION, THE USE OF WHICH ELEMENT IS NOT LIMITED TO THE PATENTED COMBINATION, DOES NOT CONSTITUTE CONTRIBUTORY INFRINGEMENT UNLESS IT BE PROVED THAT

SUCH MANUFACTURE AND SALE WERE FOR THE PURPOSE AND WITH THE INTENT OF AIDING INFRINGEMENT.

A not unusual case in which the question of contributory infringement has arisen is that in which the defendant has made and sold one separate element of plaintiff's patented combination. The decisions of the Courts in this type of case are founded and based upon the general definitions and principles above set forth. If the defendant made and sold the element in question with knowledge and intent that it was to be used as a part of an infringing device, the Courts have held him liable as a contributory infringer. In such cases, however, the guilty knowledge and intent have always been established. If the separate element in question was susceptible of an innocent use, a use not limited to the patented combination, the Courts have always required that guilty knowledge and intent be proved by competent evidence in the case. If the separate element in question was susceptible of no innocent use and could only be employed as a part of plaintiff's patented combination, the Courts have presumed a guilty intent on the theory that the defendant was presumed to have intended the natural and probable consequences of his acts. Where the separate element may be put to a use other than as a part of the patented combination, however, and the plaintiff has not proved by competent evidence guilty knowledge and intent on the part of the defendant, the Courts have uniformly

held that no case of contributory infringement has been made.

In *Saxe v. Hammond*, 1 Ban. & A. 629, 21 Fed. Cas. No. 12,411, an early case on the question of contributory infringement of the type here under consideration, suit was brought for contributory infringement of a patent for a "tremolo" attachment to musical instruments. The plaintiffs claimed as their invention the application of any means to the musical instruments whereby the air might be agitated to produce a tremulous note "by agency external to the wind-chest, which shall not prevent the flow of the air past the reeds," so as to give a continuous tremulous note. The defendants had manufactured a fan capable of being made to revolve. The element made by the defendants was not new nor was it, in itself, an infringement of plaintiffs' patent. In order to constitute such infringement, it was necessary that defendants' device be placed in a musical instrument and be placed in a certain position in that instrument external to the wind-chest. Whether the fan made by the defendants would infringe the claim of plaintiffs' patent when placed in a musical instrument depended upon the position and arrangement of the fan in the instrument. No guilty knowledge or intent on the part of the defendants was proved. In holding that defendants were not guilty of contributory infringement, the Court said:

"As defendants only make one element of the patented invention, in order to hold them guilty, I must

find proof connecting them with the infringement. Different parties may all infringe, by respectively making or selling, each of them, one of the elements of a patented combination, provided those separate elements are made for the purpose, and with the intent, of their being combined by a party having no right to combine them. But the mere manufacture of a separate element of a patented combination, unless such manufacture be proved to have been conducted *for the purpose*, and *with the intent of aiding infringement*, is not, in and of itself, infringement."

In *Snyder v. Bunnell*, 29 Fed. 47, suit was brought for contributory infringement of a patent. The patent covered an improvement in electro-magnetic burglar-alarm apparatus. The defendants were manufacturers of an "automatic drop," used as one element of plaintiffs' patented combination. Plaintiffs charged the defendants with "making and putting on the market an article which, of necessity, to their knowledge, is to be used for the purpose of infringing the complainants' patent." It was conceded that the instrument manufactured by defendants might be used in connection with other apparatus described in the patent so as to constitute an infringement. It was also conceded, however, that the instrument was susceptible of a perfectly innocent use. No showing was made that the defendants had sold the article manufactured by them knowing or intending that it was to be used to infringe plaintiffs' patent. In dismissing the action, the Court said:

"The complainants invoke the doctrine of contributory infringement, the clearest illustration of which is,

perhaps, found in *Wallace v. Holmes*, 9 Blatchf. 65. In that case the complainants had a patent for a burner in combination with a chimney. The defendants manufactured and sold the burner, leaving the purchaser to supply the chimney, without which the burner was useless. The burner could not be used without infringing the patent. All this the defendants knew. It was because of this use and this knowledge that they were held liable. See, also, *Richardson v. Noyes*, 10 O. G. 501; *Bowker v. Dows*, 3 Ban. & A. 518; *Alabastine Co. v. Payne*, 27 Fed. Rep. 559; *Travers v. Beyer*, 26 Fed. Rep. 450; *Cotton-tie Co. v. Simmons*, 106 U. S. 89; S. C. 1 Sup. Ct. Rep. 52.

“In each of these cases the complainant succeeded because the article dealt in by the defendant was only useful when combined as provided by the patent in question, and was sold by him *intending* that it should be put to this unlawful use. A careful examination has failed to discover an authority holding a party liable as an infringer solely because an article sold by him might be used by the purchaser as one element of a patented combination. Such a doctrine would be too dangerous to be upheld. \* \* \*

\* \* \*

“The record upon this branch of the case is too vague and uncertain to uphold the charge of infringement. Where a necessary link is absent in the chain of evidence, it cannot be supplied by mere suspicion.”

In *Winne v. Bedell*, 40 Fed. 463, defendant sold a straight wire fastener which could be easily bent and used as an element of plaintiff's patented combination in a manner so as to infringe the patent. Defendant's device was also capable of an innocent use. No guilty knowledge or intent was proved. In holding the defendant not liable, the Court said:

“The defendant has not adopted the combination of the claim. He sells but one element of it. It is urged that he should be held liable because his device ‘is capable of being bent’ so as to infringe. But this argument would apply with equal force to an umbrella-slide holder, a bale-tie, or a hair-pin. The complainant cannot invoke the doctrine of *Wallace v. Holmes*, 9 Blatchf. 65, and analogous authorities, for the obvious reason that the defendant’s fastener is susceptible of a perfectly legitimate use, which the complainant himself has taken pains to point out. *Snyder v. Bunnell*, 29 Fed. Rep. 47. To justify a decree for infringement, *actual proof* must be presented of the defendant’s illegal acts. It will not do to substitute therefor suspicion and conjecture.”

In *Thomson-Houston Electric Co. v. Ohio Brass Co.* (C.C.A.-6th) 80 Fed. 712, 723, the defendant had sold a separate element of a patented combination with the purpose and intent that it be used in a patented combination. The Court held that contributory infringement was therefore shown. The Court said, however:

“What we have said has application only to cases in which it affirmatively appears that the alleged infringer is offering the parts with the purpose that they shall be used in the patented combination. We have found that it does so appear here, and is a matter of certain inference from the circumstance that the parts sold can only be used in the combinations patented. Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, been adapted to other uses than in the patented combination. In the latter case the *intention to assist in infringement must be otherwise shown affirmatively*, and cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used.”



In *Leeds & Catlin Co. v. Victor Talking Machine Co.* (C.C.A.-2nd) 154 Fed. 58, 60, the defendant was the manufacturer of a sound record, an essential element of plaintiff's patented combination. It sold this element with full knowledge and intent that it be united to another element and thus complete the combination covered by plaintiff's patent. Defendant was therefore guilty of contributory infringement. The Court said, however:

"It is true that the doctrine of contributory infringement has never been applied to a case where the thing contributed is one of general use, or suitable to a variety of other uses, especially where there is no *definite purpose* that the thing sold shall be employed with others to infringe a patent right."

D.—ONE WHO SELLS AN ORDINARY ARTICLE OF COMMERCE SUSCEPTIBLE OF INNOCENT USE UNCONNECTED WITH THE PRODUCT OF A PATENT, WITHOUT INTENT TO CONTRIBUTE TO THE MAKING OF THE PATENTED PRODUCT, IS NOT GUILTY OF CONTRIBUTORY INFRINGEMENT AND IS NOT LIABLE EVEN THOUGH THE PURCHASER USES THE ARTICLE IN BRINGING ABOUT AN INFRINGEMENT.

Where the separate element sold by the defendant is an ordinary article of commerce, the Courts have uniformly held that there is no contributory infringement unless guilty knowledge and intent are proved. To hold otherwise would place an unbearable burden upon commerce.

In *Rumford Chemical Works v. Hygienic Chemical Co.*, 148 Fed. 862, 154 Fed. 65, 52 L. Ed. 355, 54 L. Ed. 137, suit was brought for contributory infringement of a patent covering a formula for a baking powder. One of the elements of the patented formula was acid phosphate. Claim was made that the defendant knowingly sold acid phosphate for the purpose of being used in the manufacture of baking powder and that the element so sold by defendant was designed and intended solely for that use. Plaintiff at the trial failed to establish by competent evidence any guilty knowledge or intent on the part of defendant. In holding that contributory infringement had not been established, the Court said:

“Assuming that the article in question was sold by the defendant to Clotworthy or others, there is no evidence showing for what purpose it was sold or used, or that it was only useful when combined in the manner provided in the patent in suit. On the contrary, there is evidence that it was an article of commerce in general and common use for a number of specific purposes. It is true it could be combined and used as claimed in the patent, but it could likewise be used, and was sold and used for a variety of other purposes, and I find no evidence in the case to show that there was any agreement, knowledge, or understanding that any acid phosphate sold by the defendant was to be combined with other articles to infringe the complainant’s patent. The complainant made Heller his own witness, and his testimony, corroborated by Wadman to some extent as to the variety of uses for which acid phosphate is manufactured, adapted, and sold, is uncontradicted. In order to establish contributory infringement, it should be *convincingly shown* that a

granular acid phosphate manufactured by the defendant went into a baking powder, which infringed the patent in suit, and that the defendant manufactured and sold said phosphate *knowing*, or having reasonable cause to know, that it was to be used in an infringing baking powder. I find this doctrine supported by numerous cases. \* \* \*

(Cases cited) \* \* \*

“Upon the evidence adduced it would be inequitable to hold the defendant guilty of contributory infringement. Taking into account all the competent evidence offered and giving to it full probative force and effect, it falls short of making a *prima facie* case against the defendant.”

In *Keystone Bridge Co. v. Phoenix Iron Co.*, 14 Fed. Cas. No. 7,751, the defendant supplied the necessary chord-bars for the construction of a bridge. The bridge was built in such a manner as to infringe plaintiff's patent. Suit was brought for contributory infringement. No competent evidence was introduced to show that defendant had acted in concert with the bridge builder in infringing the patent. In holding that there was no contributory infringement, the Court said:

“Now, the respondents are iron manufacturers, and it is shown that the bridge at La Salle, Illinois, was built by Kellogg & Clark, who obtained the iron for it from the respondents, and that the bottom chords used in it were like those claimed by the complainants. This is all the proof of infringement, and I think it falls far short of fixing any accountability upon the respondents. They made the bars, but did not use them—Kellogg & Clark did that. They did only what they had a legal right to do, and did not

thereby assume any responsibility for the wrongful acts, or become involved in the unlawful purposes of others. Nor can this responsibility be imposed upon them, because privity with a wrong-doer is not necessarily to be inferred from the exercise of a legal right."

In *Lane v. Park*, 49 Fed. 454, the patent in suit was for an improvement in the manufacture of plows and cultivators, the invention being the making of such plows and cultivators out of metal plates, having a center layer of soft iron or steel, with exterior layers of cast steel. The defendants were not plow manufacturers, but were steel manufacturers. In the course of their business, they manufactured and sold metal plates having a center layer of soft iron or steel, with exterior layers of cast steel, for use chiefly in the manufacture of plows and cultivators. The defendants, upon the order of purchasers, cut these plates to pattern for plow-shares and cultivator shovels, and also into such shapes and patterns for other purposes as ordered by purchasers. The blanks or pieces so cut to shape for plows and cultivators were shipped to defendants' customers, manufacturers of plows and cultivators, in a flat, unbent, unpolished and unhardened state. Plaintiff contended that defendants were guilty of contributory infringement by reason of their contributory act in cutting the blanks sold to plow manufacturers, who used them in making plows and cultivators in violation of plaintiff's patent rights. Plaintiff relied upon the case of *Wallace v. Holmes*,

5 Fish. Pat. Cas. 37. In holding against plaintiff's contention, the Court said:

"In *Wallace v. Holmes* the defendants made and sold the completed burner, which contained the distinguishing feature of the invention, and which was entirely useless without the lamp chimney; so that, as the court said, every sale of a finished burner was a proposal to the purchaser to supply the chimney, and every purchase was a consent that this should be done. Moreover, the acts of the defendants there were clearly indicative of the intention to infringe, and actual concert with others to do so was a certain inference from the proofs. The case here is rather within the principle of the case of *Keystone Bridge Co. vs. Phoenix Iron Co.*, 5 Fish. Pat. Cas. 468, where, the patent being limited to the use of the described chords in bridge structures, it was held by Judge McKennan that the defendants might lawfully make the chords, and were not responsible for the infringing act of the bridge builders in using them. Now, indisputably the right to manufacture soft center steel plates was open to everybody, and the mere cutting them, according to order, into convenient patterns or shapes, to suit the purposes of the plow-maker or manufacturer of the cultivators, was no encroachment upon the exclusive rights of the plaintiff. *The defendants were not bound to inquire whether or not the purchasers from them were licensed by the plaintiff to use the invention;* and, having done no wrong themselves, they are not answerable for the unlawful acts of others."

In *Edison Electric Light Co. v. Peninsular Light, Power & Heat Co.*, 95 Fed. 669, plaintiff was the owner of certain patented lighting apparatus. It claimed that this lighting apparatus had been installed in the Livingston Hotel under an agreement that the owners of the hotel

had the privilege of using the patented apparatus only during such a period as the owners should continue to take electrical current from plaintiff. For a time, the Livingston Hotel took electric current from the plaintiff, and then discontinued such practice. It was thereupon supplied with electric current by the defendant, Peninsular Company, who, in turn, purchased the current from defendant, Lowell Company. There was no question but that the electric current supplied by the defendants was used by the Livingston Hotel in operating plaintiff's patented lighting apparatus. In holding the Lowell Company not liable, the Court said:

“It is not alleged or claimed that there is any specific agreement, or that it is any part of the contract between the Lowell Company and the Peninsular Company that the latter shall furnish to the Livingston Hotel the current which the Lowell Company sells, and there is nothing in the case to distinguish it from the case of sale of ordinary merchandise to a purchaser, who will, as the vendor expects, sell it to others, who may or will make use of it in violating the rights of others. That which is sold by the Lowell Company has no particular adaptation for use in the Edison system, but is equally adapted to any and all means of electrical distribution and use. *The doctrine of contributory infringement has never been applied to a case where the thing alleged to be contributed is one of general use, suitable to a great variety of other methods of use, and especially where there is no agreement or definite purpose that the thing sold shall be employed with other things so as to infringe a patent right.* The cases which are cited (*Thomson-Houston Electric Co. v. Kelsey Electric Ry. Specialty Co.*, 72 Fed. 1016; *Heaton-Peninsular But-*

*ton-Fastener Co. v. Eureka Specialty Co.*, 25 C. C. A. 267, 77 Fed. 297) do not support the position taken; for in those cases not only was the thing furnished peculiarly adapted to the infringing use, but the court found, as matter of fact, that there was a wrongful purpose on the part of the contributing defendant that the article supplied should be so used. These are the characteristics of a case for making one liable as a contributory infringer."

As to plaintiff's contention that the Peninsular Company was a contributory infringer, by reason of the fact that it supplied electric current direct to the Livingston Hotel, the Court said:

"The record does not show that the Peninsular Company itself uses the current after it is delivered to the Livingston Hotel, but that the hotel proprietors use it, taking it from the Peninsular Company; nor does it show that the Peninsular Company causes the use of the current in the hotel, or does any other thing which incites the alleged infringing use than merely supplying the current. The manner of its use is indifferent to that company. There is no contract that it shall be by the employment of the Edison patents. It is fairly to be inferred that the company knows that it will be so used. The question, therefore, comes to this, whether the vendor of a thing of common merchandise, having no special adaptation to an infringing use, but is equally adapted to a lawful and proper method of use, is responsible for an unlawful method of use by the vendee, when the vendor knows that the vendee intends the unlawful method of use, but the vendor has no interest in, and makes no stipulation for, the employment of a method of use which invades the rights of another, is liable for such unlawful use. This subject has already been considered in dealing with the Lowell Company. I do not think the law of patent rights has been carried

to this extent, and legal analogies everywhere else are to the contrary. . . . The drift of decision in regard to contributory infringement seems to me to be in conformity with those analogies, and to require, in order to hold one liable as a contributor, that he should have a purpose or interest reaching into the unlawful use, and that mere knowledge by the vendor of an intended unlawful use by the vendee of a common article of merchandise sold to him would not be sufficient. . . . *It would be an intolerable burden upon the business of the community if the seller in every such case was bound to ascertain, at his peril, whether a valid patent right was being infringed by his vendee.*"

In *Rupp & Wittgenfeld Co. v. Elliott* (C. C. A.—6th), 131 Fed. 730, 732, suit was brought for contributory infringement of a patent for improvement in machines for attaching buttons to shoes. The patented machines were adapted and intended to take a coil of continuous wire, feed the same to a convenient point in the machine, sever a section of the wire therefrom, construct and form a staple through the eye of a shoe botton, drive the staple through the leather of the shoe, and clinch the same in position. In this connection, it was necessary to use wire of a certain size, and a certain temper or color, and coiled or put up in packages so shaped as to be received into the appropriate part of the machine. The complaint charged that the defendants, with full knowledge of plaintiff's patent rights, sold coils of wire with the express intent that the wire so sold be used in infringing plaintiff's patent. The case was before the Circuit Court on a ruling of the Trial



Court overruling a demurrer to the complaint. Excerpts from the complaint are set forth in the opinion, with italics by the Court, as follows:

“It is then averred and charged that the defendants have been engaged ‘in selling, from time to time, *to the said users* of the Elliott machines, and for the purpose *and with the express intent that the same shall be used* upon the Elliott machines, wire put up in spools or coils, and not furnished by the Elliott Machine Company,’ and that said wire so furnished and sold to the users of such machines ‘is put up on spools or coils of the exact form, shape, size, color, and appearance of the spools or coils furnished by the Elliott Company, and of the exact form, shape, and size suitable for use upon the Elliott machines, *and suitable for no other use.*’”

The Court held that by reason of the italicized allegations, the complaint stated a cause of action. In recognition of the well established rule of contributory infringement, however, the Court added:

“The mere sale of wire which might be used in the Elliott machines, or for some other noninfringing use, would by no means constitute the appellants infringers. It is the sale of wire adapted to the infringing use, with the intent and purpose that it shall be so used, which constitutes contributory infringement. *It is the intent and purpose to aid and assist in bringing about an infringement which is the essence of the tort. . . .*

“*The intent that the article sold shall be used in an infringing way must be made out.*”

Other cases in which the principles enunciated in the foregoing cases are set forth and followed are:

*Robbins v. Aurora Watch Co.*, 43 Fed. 521;

*Cary Mfg. Co. v. Standard Metal Strap Co.*, 113 Fed. 429;

*Standard Computing Scale Co. v. Computing Scale Co.*, 126 Fed. 639;

*Cortelyou v. Charles E. Johnson & Co.*, 145 Fed. 933;

*Handel Co. v. Jefferson Glass Co.*, 265 Fed. 286.

E.—WHERE THE CHARGE OF CONTRIBUTORY INFRINGEMENT IS BASED UPON THE FURNISHING OF AN ESSENTIAL PART OF A PATENTED COMBINATION, AND THE PART FURNISHED IS SUSCEPTIBLE OF AN INNOCENT USE, PLAINTIFF HAS THE BURDEN OF AFFIRMATIVELY PROVING AN INTENT THAT THE PART FURNISHED SHOULD BE USED IN AN INFRINGING WAY.

This rule of evidence is fundamental. To state a cause of action for contributory infringement, plaintiff must allege that defendant knowingly and intentionally aided in an infringement of plaintiff's patent. To sustain the cause of action alleged, plaintiff must prove guilty knowledge and intent by competent evidence, *and the burden of so doing is upon him.*

The rule is stated in 48 Corpus Juris, at page 360, as follows:

“Intent and Contributory Infringement. That it was easy for defendant to have disproved an intention to infringe, and that he did not do so, is not presumptive

evidence that he entertained such intention. . . . In an action for contributory infringement, *plaintiff has the burden of showing an intention on the part of defendant to aid another person in infringing the patent*; and while a person who sold an article capable of use only in a patented combination is presumed to have intended it should be so used, yet where the article is also capable of other uses, an intent that it should be used in an infringing way must be affirmatively shown."

In *General Electric Co. v. Sutter*, 186 Fed. 637, in dismissing the case because of plaintiff's failure to sustain the burden of proof in the premises, the Court said:

"The legal principles governing contributory infringement are clear. Contributory infringement exists where one knowingly concert or acts with another in an unlawful invasion of a patentee's rights. If such assistance is given by furnishing an essential part of an infringing combination and the part furnished is adapted to no other than an infringing use, such contribution makes him a contributory infringer. On the other hand, if the part furnished is adapted to other and lawful uses, in addition to infringing uses, then an intent to furnish for infringing use must be established before the furnisher can be held a contributory infringer. In the present case the transformers were adapted to other and lawful uses besides the use the Light Company made of them. *The burden is therefore on complainant to show a knowledge or intent on the part of the Transformer Company that the transformers were to be used for infringing purposes.* That burden, we think, the complainant has not met. . . .

"In the absence of proof of such unlawful purpose and of any other than good faith on respondents' part, we are constrained to hold the charge of contributory infringement has not been made out, and the bill must be dismissed."

In *Whitney v. New York Scaffolding Co.* (C. C. A.—8th), 243 Fed. 180, 184, 185, the Court said:

“It was indispensable to proof of such infringement that there should be substantial evidence that Whitney made and sold hoisting machines of the type of the Little Wonder *with the intent or for the purpose of aiding others in the unlawful making, selling, or using of the patented invention of Henderson. . . .*

“The question in contributory infringement is whether or not the defendant made or sold his machine or improvement with the intent or purpose of aiding another in the unlawful making, selling, or using of a third person’s patented invention. *The burden is on the plaintiff to establish the affirmative of this issue.*”

F.—SOYA BEAN FLOUR IS A STANDARD ARTICLE OF COMMERCE AND IS SUSCEPTIBLE OF A NUMBER OF DIFFERENT USES.

The Appellant Lilly Co. has manufactured soya bean flour since 1916 or 1917, and has sold the product by the ton or by the carload. It has manufactured the flour for use in the making of tree spray and has also manufactured it for edible purposes. It has sold the product locally, in California, Michigan and Pennsylvania. The soya bean flour so manufactured and sold is the company’s standard soya bean flour ground to 100 mesh or better. Whenever an order is received, the flour is ground to 100 mesh or better and the order is filled (R. 225, 226). The company has established a standard price for the product from time to time, governed by the buying price and the cost of man-

ufacture (R. 235). The flour is sold to grocery stores, spray manufacturers, glue people and furniture manufacturers (R. 227).

Since 1927, Appellant Lilly Co. has imported from the Orient an average of 1,800 to 2,000 tons of soya bean meal a year. Approximately 150 tons are processed into flour each month and disposed of in the open market (R. 228).

There are a number of concerns in the City of Seattle which manufacture soya bean flour for glue purposes. Among them are Fisher Flouring Mills, Albers Bros. Milling Company and Soya Millers, Inc. (R. 230).

Aside from the uses above mentioned, finely ground soya bean meal for a long period of time has been sold and used extensively for fertilizer purposes and as feed for live stock. This use was stressed by Appellee's own witnesses (R. 238, 252).

The testimony showed without contradiction that soya bean flour was, and for a long period of time prior to the application for the patents in suit had been, a standard article of commerce which had been put to a variety of different uses. Its use as a glue base is only one of the many uses to which it has been put. It is a staple article of commerce manufactured and sold by flour millers generally.

G.—SOYA BEAN FLOUR HAS BEEN USED EXTENSIVELY IN MAKING NONINFRINGEMENT SOYA BEAN ADHESIVES.

As pointed out in the preceding subsection, one of the commercial uses made of soya bean flour is in the manufacture of adhesives. It is sold by a number of flour manufacturers for that purpose. The product is used by a number of glue manufacturers. Appellant Lilly Co., besides selling to Kaseno Products Co., has sold soya bean flour to other glue manufacturers. Among them are Perkins Glue Company, located in Pennsylvania, Hercules Glue Company, located in California, and Henning Manufacturing Company, located at Saginaw, Michigan. Sales have been made to these concerns by the ton and by the car-load (R. 232).

The evidence conclusively showed that soya bean flour had been used extensively in making adhesives which did not infringe either of the patents in suit. It will be borne in mind that the only glue which would infringe the claims of the Caustic Soda Patent upheld by the Trial Court would be a glue containing soya bean flour and caustic soda. The only glue which would infringe the claims of the Carbon Bisulphide Patent upheld by the Trial Court would be a glue containing soya bean flour and carbon bisulphide.

There are a number of combinations of chemicals which, when combined with water, produce caustic soda by double decomposition. Lime and sodium salts, when com-

bined with water, thus produce caustic soda. The element of discovery in the Caustic Soda Patent, however, was the use of the particular chemical, caustic soda, as such, in making seed residue glues, as contrasted to the use of double decomposition chemicals. The specification points out that when the usual chemicals employed in making casein glue, namely, lime and sodium silicate, double decomposition chemicals, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. When, however, instead of using lime and sodium silicate, or other double decomposition chemicals, the particular chemical, caustic soda itself, is used, a much better glue is obtained (R. 71). It is stated in the specification that in practice, there is a great difference between vegetable protein-containing glues made up by treatment with caustic soda, as such, and glues made by treatment with lime and sodium salts, which, by interaction, *may* produce caustic soda (R. 72). The inventors did not know why this difference existed but stated that it might be due to the presence of colloids, and the vegetable protein interfering with the expected interaction.

It will be seen, therefore, that the inventors acknowledged that seed residue glues, for example, soya bean glues, could be made without the use of caustic soda, but that they were not as good as glues made with caustic soda. The

discovery was that a *better* glue could be made by using caustic soda, as such, than could be made by using the ordinary double decomposition chemicals. That this was the teaching and element of discovery of the Caustic Soda Patent was pointed out by the witness Laucks (R. 245). No claim was made in the patent, nor at the trial below, that soya bean glues could not be made except by the use of caustic soda. Both the statements in the specification and the evidence introduced in the case showed that soya bean glues could be and had been made without the use of caustic soda.

Coming now to a consideration of the Carbon Bisulphide Patent, we find that it likewise acknowledges that the chemical there claimed, namely, carbon bisulphide, is not essential in making soya bean glues. The specification again points out that when the usual chemicals employed in making casein glue, namely, lime and sodium silicate, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue (R. 82). The specification further points out that by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained (R. 82). The specification continues by pointing out the invention of the patent that when carbon bisulphide is added, this chemical imparts very great water resisting properties to the glue (R. 83).



The discovery of the inventors was that by adding carbon bisulphide in making a seed residue glue, the water resistance of such glue was increased. That this was the teaching and element of discovery of the Carbon Bisulphide Patent was definitely pointed out by the witness Laucks (R. 245). No claim was made in the patent, nor at the trial below, that soya bean glues could not be made except by the use of carbon bisulphide. Here again, the statements in the specification and the evidence introduced at the trial showed that soya bean glues could be and had been made without the use of the chemical covered by the patent, namely, carbon bisulphide.

The witness Laucks testified as to several glues which might be made from soya bean flour without the use of either caustic soda or carbon bisulphide. In commenting on the Johnson Patent, the witness stated that there were other combinations of chemicals besides sodium fluoride and lime which with soya bean flour and water would produce adhesives. He stated that adhesives might be produced by most of the double decomposition combinations, such as lime and carbonate, lime and phosphate, and lime and most any of the alkaline salts. The witness stated that all of these combinations would produce adhesives with soya bean flour and water, but that only a few of the combinations would produce a veneer glue (R. 239). Glues made by the use of these chemicals would not infringe the

claims of the patents here involved, for none of such glues would contain either caustic soda or carbon bisulphide.

Appellee has manufactured and sold large quantities of soya bean glues not made under or covered by either of the patents in suit. The witness Eilertsen, Appellee's secretary, treasurer and sales manager, called as a witness by Appellee, testified that Appellee entered into the manufacture of soya bean seed residue glue in the early part of 1923 (R. 200), and that its glues were used by the Olympic Veneer Company, at Olympia, Washington, and the Tacoma Veneer Company, at Tacoma, Washington, in 1923 and 1924 (R. 201). He testified that Appellee instructed the users of its glues to add caustic soda in mixing the glues in the year 1923 (R. 200). He further testified that after Appellee had originally introduced the use of caustic soda, it discontinued its use for a period in some formulae, and that during this period Appellee stressed its ready mixed glue, which did not contain caustic soda (R. 200). He further testified that at the end of the year 1926, Appellee reintroduced the use of caustic soda, as such, commercially (R. 200).

The witness Laucks testified that Appellee's first glue was made in 1923 with caustic soda, as such, and that for a year or so Appellee tried to introduce that glue (R. 242). He testified that in 1925, Appellee put out a ready mixed

glue and worked for a year or so trying to introduce ready mixed glues, but that after a struggle of a year or so, Appellee went back to the use of caustic soda (R. 242).

Under Appellee's own testimony, therefore, it was definitely established that Appellee had manufactured and sold glues not containing caustic soda, and therefore not covered by the Caustic Soda Patent.

The witness Eilertson testified that in 1926, the plywood manufacturers needed improved water resistance in their product and that in April, 1926, Appellee introduced carbon bisulphide for the purpose of increasing the water resistance of the glue (R. 198). He testified that the use of carbon bisulphide commercially commenced in April, 1926 (R. 200).

For three years, therefore, from 1923 to 1926, Appellee manufactured and sold soya bean glues which did not contain carbon bisulphide, and which therefore were not covered by the Carbon Bisulphide Patent.

The foregoing shows that it was conclusively established, under Appellee's own testimony, that glues could be and had been made from soya bean flour without the use of either caustic soda or carbon bisulphide. In other words, Appellee proved that a glue manufacturer might use soya bean flour in making noninfringing glues.

Kaseno Products Co. has manufactured and sold non-infringing soya bean flour glues. The witness Eilertsen

testified that that company had been furnishing soya bean glues to the trade since 1923 (R. 202). He further testified, however, that none of the defendant companies was using caustic soda prior to 1926 (R. 200). He further testified that none of the defendant companies was using carbon bisulphide commercially prior to 1926 (R. 200).

From the testimony of Appellee's own witness, therefore, it appears that Kaseno Products Co. for a period of three years manufactured and sold noninfringing glues.

The witness Linquist, president of Kaseno Products Co., testified that that company commenced the use of soya bean meal in making glues in 1923 (R. 208). He testified, however, that the first use of caustic soda was in March, 1927 (R. 215), and that the first use of carbon bisulphide was in March, 1928 (R. 210).

On cross-examination, the witness Linquist gave several formulas under which Kaseno Products Co. manufactured and sold soya bean glues which did not contain either caustic soda or carbon bisulphide. One of such formulas contained the following ingredients: Casein, 25 pounds, tri-sodium phosphate, 9 pounds; lime, 4 pounds, and soya bean flour, 62 pounds (R. 214). This is a noninfringing glue. Another noninfringing glue which this company sold commercially was made from the following formula: Lactic casein, 3 pounds; soya bean flour, 10 pounds; tri-sodium phosphate,  $\frac{1}{2}$  pound; hydrated lime, 3 pounds. Thirty-

three pounds of that base was used with tri-sodium phosphate,  $\frac{1}{4}$  pound; perborate of soda, .30, and silicate of soda, 8 pounds (R 214). Another noninfringing glue made by this company was made from the following formula: Casein, 18 pounds; soya meal, 60 pounds; tri-sodium phosphate,  $4\frac{3}{4}$  pounds; sodium perborate, 1 pound, and lime, 18 pounds. The glue made from this formula was used at the Elliott Bay Mill from December, 1926, to October, 1927 (R. 215).

It was definitely established, therefore, by the testimony of Appellee's own witness and by the undisputed testimony of other witnesses in the case, that soya bean flour could and had been extensively used in manufacturing noninfringing soya bean glues.

What has been said heretofore regarding noninfringing soya bean glues has been with reference to glues containing soya bean flour itself as a base, rather than isolated soya bean protein. It will be remembered that in view of the prior art cited by the defendants, plaintiff formally disclaimed isolated soya bean protein from the scope of the Caustic Soda Patent. As pointed out by Appellee's own witnesses, the prior art taught the use of chemically isolated vegetable protein in the manufacture of adhesives. Several of the many instances of such teaching of the prior art were pointed out by the witness Laucks (R. 236, 237). This testimony was corroborated by the testimony of other

of Appellee's experts (R. 251, 254, 255). The teaching of the literature up to 1922 or 1923, according to Appellee's witnesses, was to chemically treat vegetable protein-containing matter, such as soya bean flour, so as to extract the protein therefrom and then combine this isolated protein with chemical agents so as to produce adhesives. During the course of the trial, Appellee filed a disclaimer, disclaiming chemically isolated soya bean protein from the specification and claims of the Caustic Soda Patent (R. 98). Neither Claim 13 nor Claim 14 of the Carbon Bisulphide Patent covers isolated soya bean protein; both claims specify soya bean flour. A glue made with isolated soya bean protein as a base would not infringe either of the patents in suit, so far as the claims with which we are here concerned are involved.

To show that such noninfringing glue may be made, we again respectfully direct the Court's attention to the testimony of Appellee's own witnesses. The witness Tartar testified that he made tests with isolated soya bean protein, using the following chemicals: Water, caustic soda and carbon bisulphide, in glue requirements. These chemicals were mixed with purified protein extracted from soya bean flour. The combination was mixed up as glue in a regular glue mixer and spread upon panels, which were thereafter tested in the regular manner. The tests showed the resultant glue had a dry breaking strength of 302

pounds per square inch, and a wet test of 118 pounds per square inch (R. 261). Other tests made with the same materials, except that the carbon bisulphide was omitted, showed a dry strength of 225 pounds per square inch, and a wet test of 53 pounds per square inch (R. 261).

The strength of these isolated soya bean protein glues compared very favorably with the strength of glue containing soya bean flour, caustic soda and water, made under the Caustic Soda Patent. The witness Laucks testified that the latter glue had a wet strength of about 40 pounds per square inch (R. 246).

A committee of experts, chosen by Appellee, made extensive tests with glues containing chemically isolated soya bean protein as a glue base. These tests showed conclusively that such a glue had an exceptionally good dry strength and wet strength. As a result of the tests, it was shown that several of the glues made with isolated soya bean protein as a glue base had considerably greater strength than glues made with soya bean flour as a glue base. The results of the tests are depicted on Plaintiff's Exhibit No. 86, and are set out in detail in the Transcript of the Record (R. 255-259).

The witness Laucks testified that the results found by this committee of experts were in line with Appellee's own experience. The witness testified that he did not have to go to the committee's findings to know exactly the same

thing as there shown, inasmuch as he had seen it time and time again from his own experiments and Appellee's own work and experience over a period of eight years' time (R. 241).

The same committee of experts made tests showing the effect of varying the amount of caustic soda in isolated soya bean protein glues. Isolated soya bean protein was used as a glue base. A series of tests was made using amounts of caustic soda from 1 pound to 10 pounds. The dry strengths ranged from 162 pounds per square inch to 383 pounds per square inch. The wet strengths ranged from zero to 88 pounds per square inch (R. 259, 260), and are depicted on Plaintiff's Exhibit No. 85.

The testimony of Appellee's own witnesses, therefore, conclusively proved that a glue manufacturer might take soya bean flour, extract the protein therefrom, and make a noninfringing glue, having isolated soya bean protein as a glue base.

The evidence further showed that Appellee is the owner of a patent covering a particular process of chemically isolating the protein from soya beans for use as a base for an adhesive (R. 245).

Carrying the argument one step further, the evidence showed the Kaseno Products Co. used isolated soya bean protein as a glue base in certain of the glues manufactured and sold by it (R. 211).



It appears, therefore, that there are a great many ways of making soya bean adhesives without infringing the claims of the patents involved in this appeal.

Inasmuch as the article sold by Appellant Lilly Co. was a standard article of commerce, susceptible of a variety of uses, and inasmuch as it could be used in making noninfringing adhesives, it was incumbent upon Appellee, under the authorities hereinbefore cited, to affirmatively show that Appellant Lilly Co. furnished soya bean flour to Kaseno Products Co. knowing that the latter company would use the flour in making an infringing glue and intending that it should be so used.

H.—APPELLEE FAILED COMPLETELY TO PROVE ANY GUILTY KNOWLEDGE OR INTENT ON THE PART OF APPELLANTS, WHILE APPELLANTS BY UNDISPUTED PROOF SHOWED LACK OF KNOWLEDGE OF INFRINGEMENT OR INTENT TO AID IN INFRINGEMENT.

The record is entirely void of any evidence tending to show that Appellants knowingly or intentionally aided their codefendant, Kaseno Products Co., in committing any infringing acts. Appellee failed to show that Appellants had any knowledge that Kaseno Products Co. was making an infringing glue. Appellant Lilly had a conversation with Mr. Laucks on February 28, 1928, approximately one year before suit was started (R. 228). Mr. Laucks then placed an order for soya bean flour, which order was followed up

by other orders for various quantities (R. 229). Another such conversation was had April 19, 1928, several months before the commencement of suit (R. 229). No mention was made at either time of any patents owned by Appellee. No claim was made that Kaseno Products Co. was making an infringing glue. At the time of these conversations, however, Appellee had known since April, of 1926, that Kaseno Products Co. was infringing the patents in suit (R. 198). Notwithstanding this fact, Appellee made no disclosure of the same to Appellants, and Appellants had no knowledge of such infringing acts.

Appellee failed completely in establishing the allegations of its complaint that Appellants intentionally aided in infringement. There was no proof whatever offered to substantiate the accusations made in this connection. All that was shown was that Appellant Lilly Co. sold soya bean flour to Kaseno Products Co. for use in making adhesives, which fact Appellants had already admitted.

On the other hand, Appellants conclusively proved, by undisputed and uncontradicted evidence, a complete lack of any guilty knowledge or intent.

The evidence showed that Appellant Lilly Co. operates a flour mill and is engaged in the fertilizer business and seed business. It grinds various kinds of flour. It grinds wheat flour principally. It also grinds bran, whole

wheat, and has ground rice flour. Its flour mill was built in 1905. Since that time, it has been engaged in the milling of different kinds of flour (R. 227). Appellant Lilly has been actively connected with the operation of the company for the past twenty-five years (R. 225).

Appellant Lilly Co. commenced the manufacture of soya bean flour in 1916 or 1917. At that time, the flour was manufactured for use as tree spray and for edible purposes. The company's regular soya bean flour, ground in the usual manner, is all practically 100 mesh or better. That is its standard soya bean flour, 100 mesh or better being its regular fineness (R. 226). The product is sold on the open market. Sales are made to grocery stores, spray manufacturers, glue people and furniture manufacturers (R. 227). All sales made to Kaseno Products Co. were made in the usual course of business. The Appellant Lilly Co. was simply filling orders that came to it in the regular course of business (R. 230). Kaseno Products Co. was granted no concession in price (R. 235). Appellant Lilly Co. has never been engaged in the treating or processing of flour with chemicals of any kind. None of the flour sold to Kaseno Products Co. was ever treated with chemicals by Appellant Lilly Co. (R. 227). Appellants were never familiar with the process by which Kaseno Products Co. manufactured its adhesives (R. 228). Neither Mr. Laucks nor anyone connected with Appellee ever notified Appellants that they claimed Kaseno Products Co.

was infringing any patent held by Appellee (R. 230). Appellants did not know that Appellee owned patents covering the manufacture of glue from soya bean flour (R. 232). Appellants have never had any connection whatsoever with Kaseno Products Co. nor have they ever had any financial interest in that company (R. 233). Appellants have never in any manner superintended or suggested to Kaseno Products Co. the use which might be made of soya bean flour. Appellants have never suggested or recommended to any glue manufacturer the particular manner in which soya bean flour might be used in the manufacture of any adhesive (R. 233). Appellants have never suggested any commercial product or material of any kind which was suitable for use with the soya bean in manufacturing adhesives. Appellants have never at any time had any knowledge of any particular material or chemical which might be combined with soya bean flour in making adhesives (R. 233).

The foregoing evidence is undisputed. Appellee made no effort whatsoever in rebuttal to contradict this testimony. Under all the evidence in the case, it was conclusively established that Appellants were guilty of no wrongdoing.

Appellants did not furnish soya bean flour to a concern organized solely for the purpose of making soya bean glue. Kaseno Products Co. has been engaged in the man-

ufacture of various adhesives since 1918 (R. 208). There were no circumstances in connection with the sales made by Appellant Lilly Co. to Kaseno Products Co. which would in any manner indicate that the latter company was infringing the patents in suit.

Appellee failed to show any intentional aiding of Kaseno Products Co. by Appellants in a violation of Appellee's patent rights. The evidence failed to show that the soya bean flour sold by Appellant Lilly Co. was sold with the intention or for the purpose of bringing about its use in the patented combinations claimed by Appellee. There was no proof of any conspiring among the defendants to infringe upon the patents, as alleged. There was no evidence of any concert of action between the defendant, Kaseno Products Co., and Appellants. There was no proof of any knowledge on the part of Appellants that their codefendant was violating Appellee's patent rights. There was no proof that the article sold by Appellants could only be used in an infringing manner. The evidence showed just the contrary, for, as pointed out above, it was established that there were a number of uses for soya bean flour and that noninfringing adhesives could be and had been made from soya bean flour and isolated soya bean protein. No presumption of guilty knowledge or intent can be invoked, therefore, to assist Appellee in establishing its case. There was a complete failure of proof of the es-

sential elements which constitute the tort of contributory infringement.

As contrasted to this lack of any evidence to establish Appellee's alleged cause of action is the abundance of evidence on the part of Appellants that they were entirely innocent of the charge made against them. The evidence showed without contradiction that they had no knowledge of the patent or of the manner in which their codefendant manufactured its glues; that they did not know what chemicals could or should be employed in making glue; that the article sold by them was a standard article of commerce susceptible of a number of different uses; that they had been selling this product for years prior to the time the application for Appellee's patents were made; that all sales made by them were made in the usual course of business and to a number of different concerns.

The Trial Court held that the stipulation (R. 103) that Appellant Lilly Co. had sold soya bean flour, ground to 80 mesh or finer, to Kaseno Products Co. for use in the manufacture of adhesives by that company, together with the two letters written to the Arabol Company (R. 104, 106), showed that it was the intent of Appellants that the soya bean flour sold by them should be used by their codefendants in the manufacture of the products covered by the patents, and were sufficient to show contributory infringement (R. 154). The fact that the product sold and

referred to in the letters could be used for other purposes and in making noninfringing adhesives was entirely overlooked.

It is submitted that the stipulation and letters on which the Trial Court based its decision were no proof whatever of an intent or purpose on the part of Appellants to aid in infringement of Appellee's patents. They do not in any way tend to show that Appellants knowingly aided in an infringement. The Kaseno Products Co. might well have been making soya bean glues not covered by the patents. In fact, the evidence showed that a considerable quantity of the glue it made did not infringe the patents. The fact that Appellant Lilly Co. sold its flour for use in making adhesives proves nothing, because it could and did use a considerable quantity of that flour in making noninfringing adhesives. The fact that Appellant Lilly Co. suggested to the Arabol Company that it do some experimenting with soya bean glues and investigate the use of soya bean flour certainly does not show an intent on the part of Appellants to aid Kaseno Products Co. in infringement. Even if Appellants knew of the existence of the patents in suit, which was not the fact, they certainly would presume that if the Arabol Company intended to manufacture a glue under the formulas covered by the patents, it would do so under a license from Appellee. The letters written to the Arabol Company were the ordinary letters which a manufacturer or wholesaler would write in an effort to introduce its products

to the trade. Similar letters were sent out to other concerns than glue manufacturers (R. 228). The Arabol letters and like letters were simply an exploitation of soya bean flour, in an attempt to develop markets for soya bean flour (R. 228). These letters were not material on the issue of whether or not Appellants knowingly and intentionally aided Kaseno Products Co. in manufacturing an infringing glue.

It is respectfully submitted that the Trial Court was in error in this regard, and that under the authorities and the evidence Appellants acted entirely within their rights in selling a standard article of commerce manufactured by them, and were not guilty of contributory infringement.

**ARGUMENT POINT II—Appellant Wilmot H. Lilly  
Should Not Be Held Liable in Any Event.**

A.—THE OFFICERS AND AGENTS OF A CORPORATION, WHEN THEY ACT MERELY AS ITS OFFICERS OR AGENTS, ARE NOT LIABLE FOR ITS INFRINGEMENT OF A PATENT; IT IS ONLY WHEN THE OFFICERS ACT OUTSIDE THE SCOPE OF THEIR OFFICIAL DUTIES THAT THEY BECOME LIABLE.

As to the personal liability of the officers and agents of an infringing corporation, the law is now well settled. The officers and agents are not personally nor individually liable when they act merely as such officers or agents. They only become individually liable under special circumstances when they act outside the scope of their official duties. The rule



is tersely stated in *New Departure Mfg. Co. v. Rockwell-Drake Corp.*, 287 Fed. 328, at page 334, as follows:

“It is not enough to charge a corporate officer with infringement that he acted as such officer, even when the corporate business was infringement; he must be shown as acting beyond the scope of his office.”

The rule was stated and followed in *D’Arcy Spring Co. v. Marshall Ventilated Mattress Co.*, 259 Fed. 236, where the Court said, at page 242:

“The individual defendant, D’Arcy, the president and general manager of the corporation, was held personally liable for accounting as well as for injunction. This is complained of here, although it is not entirely clear that the point was ever brought to the attention of the district judge. It is the rule in this circuit that such individual liability for damages and profits on infringement does not exist unless the officer inflicted the damages or received the profits otherwise than through the usual relations between officer and corporation. *McSherry Co. v. Dowagiac Co.*, 160 Fed. 948, 965, 89 C. C. A. 26. There is neither allegation nor proof of any extraordinary relation in this respect, and the accounting for profits and damages should not have been ordered against D’Arcy.”

In *American Machinery Co. v. Everedy Machinery Co.*, 35 Fed. (2nd) 526, the Court said, at page 528:

“In the case of a corporation infringer, its employees, nor even its officers, nor managers, are visited with personal responsibility. This is true, although such employee may have had full knowledge, and as such employee full concurrence, in the infringing act. This measure of concurrence and participation in the infringement does not render them liable. The supporting reasons for this ruling need no statement.”

Other cases in which the same rule is approved and followed are:

*Smalley v. Auto Specialists*, 7 Fed (2nd) 710;

*Vapor Car Heating Co. v. Gold Car Heating & L. Co.*, 296 Fed. 201;

*Fyrac Mfg. Co. v. Bergstrom*, 24 Fed. (2nd) 9;

*Booth v. Stutz Motor Car Co. of America*, 56 Fed. (2nd) 962;

*Fulton Co. v. Janesville Laboratories, Inc.*, 29 Fed. 913.

It is true that there are some early cases which apparently announce a different rule. From a review of the authorities, however, it will be seen that in each case, with the exception of possibly one or two of the very early decisions, there were unusual circumstances which justified the Court in believing that the acts of the officers were deliberate and willful and done under the belief that the corporation afforded them protection. These are the cases which give rise to the so-called minority rule.

The true rule is announced in *Dangler v. Imperial Machine Co.*, 11 Fed. (2nd) 945, where, after discussing and analyzing the authorities on the point, the Court said, at page 947:

“After due consideration of the various authorities, as well as the reasons back of the two positions, we adhere to the *Cazier v. Mackie-Lovejoy Mfg. Co.* decision, and hold that, in the absence of some special showing, the managing officers of a corporation are not liable for the infringements of such corporation, though

committed under their general direction. The uncertainty surrounding the questions of validity and infringement make any other rule unduly harsh and oppressive.

“It is when the officer acts willfully and knowingly—that is, when he personally participates in the manufacture or sale of the infringing article (acts other than as an officer), or when he uses the corporation as an instrument to carry out his own willful and deliberate infringements, or when he knowingly uses an irresponsible corporation with the purpose of avoiding personal liability—that officers are held jointly with the Company.”

B.—IT HAS BEEN HELD THAT IN THE ABSENCE OF SPECIAL CIRCUMSTANCES WHICH WOULD MAKE AN OFFICER OF A CORPORATION INDIVIDUALLY LIABLE FOR PROFITS AND DAMAGES, HE IS NOT A PROPER PARTY AND THE BILL AS TO HIM SHOULD BE DISMISSED, EVEN THOUGH THE CORPORATION, ITS OFFICERS AND AGENTS, ARE ENJOINED.

In a number of cases the Courts have not only refused to hold an officer or agent liable for profits or damages, but have held that in the absence of special circumstances which would make him individually liable, he is not a proper party to the action, inasmuch as an injunction against the corporation would run against its officers and agents.

In *Hutter v. De Q. Bottle Stopper Co.*, 128 Fed. 283, the Court said, at page 286:

“Francis H. Ruhe, who is alleged in the bill to be secretary, treasurer and one of the directors of the defendant company, is made a party defendant. There

is not the slightest proof to establish infringement by him as an individual and no sufficient reason is shown for making him a defendant. An injunction against the corporation restrains all its officers, agents and servants and there is little justification for making these persons defendants except in rare instances where it is shown that they have infringed the patent as individuals or have personally directed infringement. The courts of this circuit have frequently had occasion to criticise this practice and have, in some instances, imposed costs upon the complainant as a penalty for thus subjecting innocent parties to the expense and annoyance of defending themselves against an unwarrantable accusation. *Farmers' Mfg. Co. v. Spruks Mfg. Co.* (C. C.), 119 Fed. 594; *Consolidated Fastener Co. v. Columbian Fastener Co.* (C. C.), 79 Fed. 795; *Bowers v. Atlantic Co.* (C. C.), 104 Fed. 887; *King v. Anderson* (C. C.), 90 Fed. 500; *Greene v. Buckley* (C. C.), 120 Fed. 955; *Rowbotham v. Iron Co.* (C. C.), 71 Fed. 758; *Linotype Co. v. Ridder* (C. C.), 65 Fed. 853; *Howard v. Plow Works* (C. C.), 35 Fed. 743."

To the same effect is the decision in *Trico Products Corp. v. Ace Products Corp.*, 30 Fed. (2nd) 688. In dismissing the bill as to the individual defendants, the Court said:

"The suit is brought against the Ace Products Corporation and against George M. La Vietes and Miriam F. La Vietes. The bill of complaint alleges, and defendants' answer admits, that George M. La Vietes is the president, and Miriam La Vietes is the secretary and treasurer, of the Ace Products Corporation. The only facts admitted or proved associating the individual defendants with the acts complained of are the official positions which these individuals hold in the company, and that George M. La Vietes is in sole control of the Ace Products Corporation. There is no evidence presented tending to show that the Ace Products Com-

pany is insolvent or that either or both of the individual defendants, George M. La Vietes and Miriam F. La Vietes, acted beyond the scope of their offices, or that they personally participated in the manufacture or sale of the alleged infringing article other than as officers, or that they used the defendant company as a cloak to avoid personal liability. Under this state of facts, it should be found that the individual defendants are not liable for the alleged infringing acts, *and the bill as to them should be dismissed.* *Dangler et al v. Imperial Machine Co. et al* (C. C. A.), 11 F. (2d) 945; *Tinsel Corporation of America v. B. Haupt & Co., Inc., et al* (D. C.), 25 F. (2d) 318.”

In *Art Metal Works v. Henry Lederer & Bro.*, 36 Fed. (2nd) 267, in granting a motion to dismiss a bill as against the manager of an alleged infringing corporation, the Court said:

“The complaint alleges, in substance, in paragraph eight, that, at all relevant times, the Lederer Company maintained a regular and established place of business at 9-11 Maiden Lane in this city; that the defendant Schrage was within the times mentioned in the complaint managing agent of the Lederer Company in charge of such office; that he contributed to the infringement of the patents mentioned in the suit by soliciting and obtaining orders for contracts for the sale of the infringing cigar lighters; that he sold them on behalf of and in the name of the Lederer Company; that he has, apparently personally, used the said infringing cigar lighters and has accepted payment from purchasers to whom he has sold them; and that during the period mentioned in the complaint, has derived and continues to derive personal profits from such sales—all without license, authority, or permission from the plaintiff.

\* \* \*

“Assuming, therefore, for the purposes of this motion, that the defendant Schrager was at all relevant times and now is the managing agent of the Lederer Company in charge of a place of business of that company in this city, it seems to me that all the acts of which he is accused would naturally fall within the scope of his employment as such managing agent.

“An allegation that Schrager has derived personal profits from the sale of cigar lighters does not necessarily mean that he did more than receive a salary and/or commissions as managing agent for making such sales.

“I think such a statement of a general conclusion of fact is not sufficient to take the case out of the settled rule that suits for patent infringement should not be maintained against an officer or employee of a corporation unless infringement outside of the scope of his authority as such officer or employee is affirmatively shown. *Cazier v. Mackie-Lovejoy Mfg. Co. et al* (C. C. A.), 138 F. 654, 656; *Davis et al v. Motive Parts Corporation et al* (D. C.), 16 F. (2d) 148, 149; *Walker on Patents* (6th Ed.) § 460, vol. I, p. 560, footnote No. 157.”

The same rule was followed in *Tinsel Corporation v. B. Haupt & Co.*, 25 Fed. (2nd) 318.

These cases are cited to show the extent to which some Courts have gone in dealing with the question of making corporate officers parties defendant in infringement suits.

C.—APPELLANT LILLY AT NO TIME ACTED OTHER THAN AS AN OFFICER OF APPELLANT LILLY CO., AND AT NO TIME ACTED OUTSIDE THE SCOPE OF HIS OFFICIAL DUTIES.

Assuming for the sake of the argument that plaintiff had proven its case against Appellant Lilly Co., it failed com-

pletely to establish any case against Appellant Lilly. The complaint alleged, as against Appellant Lilly, that he was the president of Appellant Lilly Co., that he directed and controlled all its acts, and that he was directly and personally in charge of conducting the infringing acts complained of as against Appellant Lilly Co.

Appellants, in their answer, denied that Appellant Lilly was personally in charge of conducting any acts of infringement as alleged with respect to Appellant Lilly Co. and denied that he directed and controlled all its acts.

On direct examination, Appellant Lilly testified that for five years he had been president of Appellant Lilly Co. and that he had been actively connected with the operation of that company for twenty-five years. On recross-examination, he testified that he had been president and general manager of the company since 1927 or 1928.

This was the only evidence introduced at the trial respecting the individual liability of Appellant Lilly. No showing was made that he was using the corporate defendant as a cloak behind which to personally conduct the corporate business complained of. The company was not organized by him to manufacture soya bean flour for use as a glue base. Its flour mill had been built in 1905 and it had commenced the manufacture of soya bean flour in 1916. The company has not been engaged solely in the sale of soya bean flour. That product is only one of many which Ap-

pellant Lilly Co. has manufactured and sold (R. 227). No showing was made that Appellant Lilly Co. was financially irresponsible. No. showing was made that Appellant Lilly ever acted outside the scope of his official duties or other than as the president and manager of Appellant Lilly Co. The record is entirely silent as to any special circumstances which would render Appellant Lilly individually liable. He is simply the president and manager of one of Seattle's oldest flour mills, and his only acts in the premises were those within the scope of his official duties.

It is submitted that in view of the evidence, considered in the light of the well established rule of law with reference to the liability of corporate officers and agents, the Trial Court's decree was erroneous in holding Appellant Lilly individually liable for profits and damages as a joint tort-feasor.

**ARGUMENT POINT III—Appellee Should Not Be Awarded Costs in Any Event.**

A.—WHERE PLAINTIFF FILES A DISCLAIMER AFTER SUIT BROUGHT, NO COSTS CAN BE RECOVERED.

The right of a patentee to file a disclaimer is governed by the following statute:

“Whenever, through inadvertence, accident, or mistake, and without any willful default or intent to defraud or mislead the public, a patentee has, in his specification, claimed to be the original and first inventor or discoverer of any material or substantial part of the



thing patented, of which he was not the original and first inventor or discoverer, every such patentee, his executors, administrators, and assigns, whether of the whole or any sectional interest in the patent, may maintain a suit at law or in equity, for the infringement of any part thereof, which was bona fide his own, if it is a material and substantial part of the thing patented, and definitely distinguishable from the parts claimed without right, notwithstanding the specifications may embrace more than that of which the patentee was the first inventor or discoverer. But in *every such case* in which a judgment or decree shall be rendered for the plaintiff *no costs shall be recovered unless the proper disclaimer has been entered at the Patent Office before the commencement of the suit.* But no patentee shall be entitled to the benefits of this section if he has unreasonably neglected or delayed to enter a disclaimer.”

Section 4922, R. S.; 35 U. S. C. A. Section 71, page 613.

This statute is plain and unambiguous in its terms. In no case where plaintiff files a disclaimer after suit brought on a patent shall he be allowed costs, even though he prevail in the action.

In *O'Reilly et al v. Morse et al*, 56 U. S. (15 How.) 62, 14 L. Ed. 601, in discussing this statute, the Court said, at page 627:

“The omission to disclaim, therefore, does not render the patent altogether void; and he is entitled to proceed in this suit, for an infringement of that part of his invention which is legally claimed and described. But as no disclaimer was entered in the Patent Office before this suit was instituted, he cannot, under the Act of Congress, be allowed costs against the wrongdoer, although the infringement should be proved.”

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In *Silsby v. Foote*, 61 U. S. (20 How.) 378, 15 L. Ed. 953, the Court said, at page 955:

“This court is also of opinion that the court below erred in awarding costs of the complainant against the defendants.

“The first claim of the patentee in his patent was disproved by the prior construction and use of what is called in the case the Saxton stove, and no disclaimer was entered according to the requirements of the Act of Congress 3d March, 1837. By the 9th section of that Act it is provided, that when a patentee by mistake shall have claimed to be the inventor of more than he is entitled to, the patent shall still be good for what shall be truly and bona fide his own, and he shall be entitled to maintain a suit in law or equity for an infringement of this part of the invention, notwithstanding the specification claims too much. *But in such case, if judgment or decree be rendered for the plaintiff, he shall not recover costs against the defendant, unless he shall have entered a disclaimer in the Patent Office of the thing patented, to which he has no right, prior to the commencement of the suit.*”

Again, in *Sessions v. Romadka*, 145 U. S. 29, 13 S. Ct. 799, 36 L. Ed. 609, the Court said, at page 614:

“We think that section 4917 ought to be read in connection with section 4922, providing that the patentee may maintain a suit at law or in equity for the infringement of any part of the thing patented, notwithstanding the specifications may embrace more than that of which the patentee was the first inventor or discoverer; *but in every such case in which a judgment or decree shall be rendered for the plaintiff, no costs shall be recovered, unless the proper disclaimer has been entered at the Patent Office before the commencement of the suit.*”

The same ruling is announced by the Court in *Hailes v. Albany Stove Co.*, 123 U. S. 582, 31 L. Ed. 284.

B.—APPELLEE FILED A DISCLAIMER IN CONNECTION WITH THE CAUSTIC SODA PATENT LONG AFTER THE ACTION HAD BEEN COMMENCED.

Appellee's bill of complaint was filed February 14, 1929, and served February 25, 1929. Appellants' amended answer, setting forth pertinent prior art, was served March 17, 1930, and filed March 20, 1930. Appellee filed its disclaimer in connection with the Caustic Soda Patent in the Patent Office May 23, 1930. The disclaimer was introduced in evidence June 2, 1930.

It is of interest to note the effect of the disclaimer. According to Appellee's witnesses, the prior art had taught that to make an adhesive from protein-containing vegetable material, such as soya bean flour, the protein should be first extracted and that this adhesive constituent should then be combined with chemicals. Some of this prior art had been cited in the defendants' amended answer.

The Caustic Soda Patent, as granted, taught the use of caustic soda with vegetable protein *or* vegetable matter containing protein. The patentees stated that they did not wish to limit themselves to soya bean flour *or to vegetable protein* derived from this source. The patentees claimed to have discovered the use of caustic soda with vegetable

protein in making glue. This, however, was something of which they were not the first inventors, as was shown by the prior art cited.

Inasmuch as the prior art had taught the use of chemically extracted vegetable protein combined with the agent referred to in the patent, it was necessary for Appellee, in order to sustain the patent, to file a disclaimer and to claim as the real invention only the combination of the whole residue of the beans with the designated chemical. The disclaimer was accordingly filed, but not until after the commencement of suit.

It is submitted that under the statute above quoted and the ruling of the Courts thereon, the Trial Court was in error in awarding Appellee costs, regardless of the correctness of its ruling in holding Appellants liable as contributory infringers.

## CONCLUSION

Appellants have no connection whatsoever with the lumber, veneer or adhesive industries. Appellant Lilly Co. is, and for nearly half a century has been, engaged in the general milling industry. It manufactures and sells seeds, feeds, fertilizers and flour mill products. The use made of the standard articles of commerce so manufactured and sold is a matter solely within the province and knowledge of the parties purchasing such products. Appellants ask that they be allowed to sell their products in the open market in the ordinary course of business, without being subjected to the ruinous and impossible duty of first ascertaining the exact manner in which the purchaser intends to use the product, and then determining whether or not such use might conceivably violate some one of the hundreds of thousands of patents heretofore issued in the United States. Appellants feel that the law supports them in what they ask and does not impose upon them the impossible burden which would be theirs if the decision of the Trial Court is upheld.

For the several reasons hereinbefore stated, it is urged that the Trial Court's decree was erroneous and that the bill of complaint as to Appellants should be dismissed.

Respectfully submitted,

JAY C. ALLEN,

WELDON G. BETTENS,

*Solicitors for Appellants.*



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In the United States  
Circuit Court of Appeals  
For the Ninth Circuit

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No. 7084

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CHAS. H. LILLY CO., a corporation, WILMOT H. LILLY,  
KASENO PRODUCTS CO., a corporation, and  
GEORGE F. LINQUIST,

*Defendants-Appellants,*

vs.

I. F. LAUCKS, INC., a corporation,

*Plaintiff-Appellee.*

ON APPEAL FROM THE DISTRICT COURT OF THE  
UNITED STATES, FOR THE WESTERN DISTRICT  
OF WASHINGTON, NORTHERN DIVISION

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Brief of I. F. Laucks, Inc.,  
Plaintiff-Appellee

---

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In the United States  
Circuit Court of Appeals  
For the Ninth Circuit

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No. 7084

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CHAS. H. LILLY CO., a corporation, WILMOT H. LILLY,  
KASENO PRODUCTS CO., a corporation, and  
GEORGE F. LINQUIST,  
*Defendants-Appellants,*  
vs.  
I. F. LAUCKS, INC., a corporation,  
*Plaintiff-Appellee.*

ON APPEAL FROM THE DISTRICT COURT OF THE  
UNITED STATES, FOR THE WESTERN DISTRICT  
OF WASHINGTON, NORTHERN DIVISION

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Brief of I. F. Laucks, Inc.,  
Plaintiff-Appellee

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## STATEMENT OF THE CASE

In order not to create confusion, we will adopt in this brief the same reference characters as those adopted by the appellants. In other words, the letter "R," wherever used in this brief, means the printed "Transcript of the Record," filed herein February 13, 1933. Italics, wherever used, are our own unless otherwise stated. For convenience of expression we refer in this brief to I. F. Laucks, Inc., the plaintiff below, as "Appellee"; to The Chas. H. Lilly Co., one of the defendants below, as "Appellant Lilly Co.," and to Wilmot H. Lilly, one of the defendants below, as "Appellant Lilly."

For the reason that we cannot accept the statement of fact as prepared by counsel for appellants, we have deemed it necessary to restate the facts.

On the 27th day of March, 1928, I. F. Laucks, Inc., instituted an action in the United States District Court for the Western District of Washington, Northern Division, against Kaseno Products Co., a corporation, George F. Linquist, The Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, defendants, being Equity Cause No. 621. The bill of complaint was for an injunction and accounting of profits and damages for infringement of Reissue Patent No. 16,422, granted to Otis Johnson and assigned to I. F. Laucks, Inc., in this record known as the "Johnson" patent. Said Re-issue was granted September 14, 1926,

original application having been filed August 14, 1922, and original patent granted July 3, 1923, the application for said Re-issue having been filed June 5, 1924.

On the 14th day of February, 1929, in the same court, being Equity Cause No. 659 (R 2), I. F. Laucks, Inc., a corporation, appellee herein, instituted an action against Kaseno Products Co., a corporation, George F. Linqvist, The Chas. H. Lilly Co., a corporation, and Wilmot H. Lilly, wherein the bill of complaint was for injunction and accounting of profits and damages for infringement of (1) Patent No. 1,689,732, known in this record as the "caustic soda" patent; (2) Patent No. 1,691,661, known in this record as the "carbon bisulphide" patent.

These two cases, therefore, involve three patents. The two cases were by the lower court consolidated for the purpose of trial and were both tried at one time. The trial of these cases consumed 64 trial days of the lower court and the record of the proceedings had at the trial consumed more than 6,000 pages of typewritten matter.

Kaseno Products Co. and George F. Linqvist are manufacturers of glue and were found by the Trial Court to be direct infringers. They are not parties to this appeal. The defendants The Chas. H. Lilly Co. and Wilmot H. Lilly are engaged in the milling business, and as such have been found by the Trial Court to have ground soya bean flour to

glue specifications with the intent and purpose that the same should be used as a glue base in the infringing product made and sold by the Kaseno Products Co.

The lower court rendered its memorandum decision (R 111) as a decision in both cases. Appeals were perfected to this court from the decision of the lower court, both in Equity Cause No. 621 and Equity Cause No. 659, and come on now for hearing in this court as separate causes of action, Equity Cause No. 621 bearing the number in this court 7083 and Equity Cause No. 659 bearing the number in this court 7084.

*Equity Cause No. 7083 in this court involves the appeal from the "Johnson" patent. The "Johnson" patent covers broadly the use of soya bean flour as an adhesive base. The "Johnson" patent may be termed the "parent" patent, relating essentially to the glue base, while the "Caustic Soda" and "Carbon Bisulphide" patents, which relate to improvements in chemicals to be used in connection with the glue base, may be termed "improvement" or "additional" patents, and are subsidiary to the "Johnson" patent so far as the same relate to soya bean flour as a glue base. The "Caustic Soda" patent teaches, among other things, how to make a "better glue" using soya bean flour as a glue base. The "Carbon Bisulphide" patent teaches that an adhesive can be made water resistant with the use of carbon bisulphide. Claims 13 and 14, which were*

*held valid and infringed, by the lower court, teach that added water resistance to soya bean glues may be accomplished by the use of carbon bisulphide. We respectfully suggest that the briefs in Equity Cause No. 7083 be read first in order that this brief, relating to the "Caustic Soda" and "Carbon Bisulphide" patents, may be more intelligible. In order to avoid unnecessary repetition, much of the statement of fact contained in the brief in Equity Cause No. 7083 will be omitted from this statement of fact and likewise a considerable portion of the argument will be omitted. Otherwise this court will be called upon to unnecessarily use its time in reading a statement of fact and argument which would be an entire duplication of the statement of fact and argument contained in Equity Cause No. 7083.*

From this point on this statement of fact will deal only with Equity Cause No. 7084.

To the bill of complaint in the lower court appellants George F. Linqvist and Kaseno Products Co. filed joint answers. Appellants Lilly Co. and Wilmot H. Lilly filed a separate answer. Except for the identity of parties, these answers are almost identical. "Appellant Lilly Co." and "Appellant Lilly" raised the following defenses: invalidity of patent, lack of invention, as well as anticipation of patent. In their answer some twenty or more publications were cited, as well as 62 patents, including domestic and foreign (R 20-44). The answer of Kaseno Products Co.

and George F. Linquist appears in this record at pages 44 to 67 inclusive.

United States Letters Patent No. 1,689,732, granted October 30, 1928, to Irving F. Laucks and Glenn Davidson, for "Vegetable Glue and Method of Making Same" (Ex. 14, R 68), and by Irving F. Laucks and Glenn Davidson assigned to I. F. Laucks, Inc., appellee herein, contained ten claims. Claims 9 and 10 were not in suit. Of the remaining claims, 2, 4, 6 and 8 were held valid and infringed, the Trial Court stating (R 132):

"\* \* \* The court will not undertake to determine the validity or scope of any of the odd numbered claims for the same reason as that stated concerning claims 1, 2, 4 and 6 of the Johnson patent." (Statement referred to is R 131.)

The claims held valid and infringed are as follows:

- "2. A vegetable glue composition, comprising the reaction products of soya bean flour and an alkali metal hydroxide as such in an aqueous medium."
- "4. A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate."
- "6. A vegetable glue composition, comprising the reaction products of soya bean flour, caustic soda as such, calcium hydrate, and an alkali metal silicate, the proportions of the soya bean flour, the caustic soda and the calcium hydrate being about 30 parts of the soya bean flour, about  $2-4\frac{1}{2}$  parts of caustic soda in aqueous solution, and about 3-6 parts of calcium hydrate."



“8. The process of making a vegetable glue, which comprises treating soya bean flour with caustic soda as such in an aqueous medium, the proportions of such flour and the caustic soda being about 30 parts of the flour and about 2-4½ parts of caustic soda in aqueous solution.”

United States Letters Patent No. 1,691,661, granted November 13, 1928, to Irving F. Laucks and Glenn Davidson, for “Vegetable Glue and Method of Making Same” (Ex. 24; R 79), and by Irving F. Laucks and Glenn Davidson assigned to I. F. Laucks, Inc., appellee herein, contained forty claims, of which claims 13 and 14 are held valid and infringed, the Trial Court stating (R 140):

“\* \* \* The only ones that claim specifically a glue base of soya bean flour are claims 13 and 14. In the other claims the glue base is described as ‘vegetable protein matter,’ ‘soya bean protein matter,’ ‘vegetable protein—containing adhesive’ or ‘soya bean protein—containing adhesive.’ For the same reasons a ruling was not made concerning the validity and scope of claims 1, 2, 4 and 6 of the Johnson patent, a determination of the validity of claims other than 13 and 14 will not herein be attempted.”

The claims held valid and infringed are as follows:

- “13. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide as a water-proofing agent.”
- “14. An adhesive which comprises the reaction products of soya bean flour, an aqueous alkaline medium, and carbon bisulphide, the carbon bisulphide and the soya bean flour being in the pro-

portions of about five parts and about thirty parts respectively.”

Concerning the issues raised on this appeal, we quote from pages 6 and 17 of appellants’ brief:

“One of the principal questions presented on this appeal is whether or not Appellants were guilty of contributory infringement of these claims by reason of having supplied soya bean flour to Kaseno Products Co., a codefendant, which manufactured, among other things, soya bean glue. The other principal question is whether or not Appellants were guilty of contributory infringement of the Carbon Bisulphide Patent, hereinafter mentioned, for having sold soya bean flour to Kaseno Products Co. as aforesaid.”

“This appeal does not involve the question of the validity of any claims upheld by the Trial Court, nor does it involve the question of infringement of those claims by the defendants, Kaseno Products Co. and George F. Linqvist.”

Out of the entire record in the lower court of over 6,000 typewritten pages, the record on this appeal has by the appellants been condensed into 75 pages of printed matter, commencing with page 192 of the record and ending on page 267 thereof.

Kaseno Products Co., a corporation, and George F. Linqvist, codefendants of the appellants, were found to have infringed claims 2, 4, 6 and 8 of the “Caustic Soda” patent (R 140) and claims 13 and 14 of the “Carbon Bisulphide” patent (R 149). Kaseno Products Co. and George F. Linqvist have abandoned their appeal (R 185).

In the infringing acts of Kaseno Products Co. soya bean flour was used as its glue base in the manufacture and sale by it of its adhesives which infringed claims 2, 4, 6 and 8 of the "Caustic Soda" Patent and claims 13 and 14 of the "Carbon Bisulphide" Patent (Ex. 10, R 101). From 1924 to 1929 the glue base used by the Kaseno Products Co. contained at least 52 per cent. of soya bean flour and sometimes as high as 96 per cent. (R 215-216). With the exception of one occasion of buying soya bean flour from Fisher Flouring Mill, all of the soya bean flour used by Kaseno Products Co. in the manufacture of its glue from 1924 to 1929 was purchased from The Chas. H. Lilly Co. (R 216). The Chas. H. Lilly Co. knew that the flour it was selling Kaseno Products Co. from 1927 to 1930, even up to the date of trial in 1931, was sold by The Chas. H. Lilly Co. to Kaseno Products Co. with knowledge that such soya bean flour was by Kaseno Products Co. being used for glue making purposes (R 216).

On the 25th day of November, 1929, The Chas. H. Lilly Co. entered into a stipulation (Ex. 11, R 103) that on or before March 27, 1928, it did sell and deliver and is now selling and delivering to Kaseno Products Co., its co-defendant herein, soya bean cake ground to glue specifications, that is, 80 mesh or finer, for use in the manufacture of adhesives or glues of said company.

On November 16, 1928, I. F. Laucks, Inc., notified "Appellant Lilly Co.", by letter, of the issuance of the "Caustic Soda" and the "Carbon Bisulphide" patents, and warned it against infringement (Ex. 34, R 108, 193).

Since 1927 up to date of trial "Appellant Lilly Co." manufactured approximately 150 tons of soya bean flour per month (R 227-228). Most of this went into glue plants, that is, glue manufacturing concerns (R 232); that "Appellant Lilly Co." and "Appellant Lilly" sold soya bean flour as an adhesive base for glue making purposes not only to the Kaseno Products Co. but to other glue manufacturers as well, namely, Perkins Glue Company of Pennsylvania, Hercules Glue Company and the Henning Manufacturing Company of Saginaw, Mich., and to manufacturers of furniture as well (R 232), and directly solicited manufacturers of adhesives to use the soya bean flour manufactured by "Appellant Lilly Co." as an adhesive base for glue making purposes (R 231).

In 1928 "Appellant Lilly Co." heard that the veneer plants were going to make their own glue and being desirous of selling the soya bean flour for that purpose, sent samples of its soya bean flour adhesive base to all of the veneer plants (R 231).

From 1927 up to the time of trial "Appellant Lilly Co." had no other larger single customer for soya bean

flour of "100 mesh or better" than Kaseno Products Co. (R 231). In 1928 six months after the commencement of the case at bar, "Appellant Lilly Co." wrote two letters to the Arabol Manufacturing Co. of New York City; the first, dated October 17, 1928 (Ex. 59, R 104), stated that "Appellant Lilly Co." is a manufacturer of soya bean flour which is being used extensively on this coast as a base in *waterproof* glue. That this glue had almost entirely replaced casein glue in the manufacture of plywood or veneer; that the mills in this territory, while previously using almost entirely casein, have now almost entirely switched to soya bean glue, which gives them a better adhesive at a far lower cost. It then seeks to interest the Arabol Manufacturing Co., who, it asserts, is the largest manufacturer of adhesives in the world, in the use of soya bean flour as an adhesive base. The letter further calls the Arabol Manufacturing Co.'s attention to the fact that "Appellant Lilly Co.'s" soya bean flour *is true soya bean flour* and not to be confused with various grades of *fine soya bean meal* that is sometimes offered. It recites that "Appellant Lilly Co.'s" flour is *specially processed for glue making purposes*; that it has already sold large quantities to glue manufacturers, both on this coast, in Grand Rapids, Mich., and on the east coast, and everywhere its soya bean flour has met with approval, both as to *quality and uniformity*, and that if the Arabol Manufacturing Co. is not now using soya bean flour

for a glue base, it would certainly be to its interest to investigate its use, and that "Appellant Lilly Co." will be glad to furnish samples and information upon the subject.

Again on November 1, 1928 (Ex. 60, R 106), "Appellant Lilly Co." is sending forward a 25-lb. bag of soya bean flour as a sample to be used as an adhesive base. It then discusses the *proper mesh* to be used for producing the best product for a glue base, again reciting that the product is *comparatively new* but considering the *short length* of time it has been used, it has gained the approval of glue manufacturers in this locality and that I. F. Laucks, Inc. of Seattle handled hundreds of tons of this soya bean flour each month and is using it for glue and for wall texture. That several glue manufacturers on the Pacific Coast, as well as on the east coast, are buying this soya bean flour in carload lots; one of the glue manufacturers who turns out nothing but glue is now using four or five cars monthly. That "Appellant Lilly Co." sees great possibility for the use of soya bean flour in the Arabol Manufacturing Company's territory and that "Appellant Lilly Co." is pleased that Arabol Manufacturing Co. is taking an interest in soya bean flour used as a base for manufacturing glue. It ends its letter by saying that it trusts it may be of further service to the Arabol Manufacturing Co. Appellants have written letters to everybody that they thought would be interested in their soya bean flour.

“Appellant Lilly” testified that at no time had “Appellant Lilly Co.” ever mixed any chemicals with its soya bean flour which was to be used as a glue base, nor had it ever suggested to any one the use of chemicals. That it merely sold it for the purpose of making glue without suggestion as to how the glue should be made or as to the use of any chemicals, and that “Appellant Lilly Co.” did not know what chemicals Kaseno Products Co. were using (R 227-228).

The record further discloses that the appellee first commenced the use of caustic soda as such with its soya bean glues in 1923 (R 200). By the term “caustic soda as such” is meant the use of the chemical, caustic soda, mixed with water and applied direct to the dry glue base in the glue pot at the veneer plant where the glue is to be used. The teaching of the “Caustic Soda” patent (Ex. 14, R 71-72) is:

“When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein-containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resistant nor as workable. We find, however, by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, such caustic soda apparently playing the part of dispersing the colloidal material. The resultant glue is then somewhat similar in its working properties to casein glue, although its water resistance is still slightly less.

“In practice, there is a great difference between vegetable protein-containing glues made up by treat-

ment with caustic soda as such and glues made by treatment with lime and sodium salts which by interaction may produce caustic soda.”

For a time the appellee discontinued the use of caustic soda as such in *some* of its glue formulae. During the year 1926 it again reintroduced commercially the use of caustic soda as such in *all* of its glue formulae. Prior to 1926 the Kaseno Products Co. was not using caustic soda to appellants' knowledge. In April, 1926, the appellee introduced commercially the use of carbon bisulphide in the veneer plants with the soya bean glues manufactured and sold by the appellee. The teaching of the “Carbon Bisulphide” patent is that the use of carbon bisulphide with a soya bean flour, together with an aqueous alkaline medium, produces a high grade, water-resistant glue (R 140, 245), the carbon bisulphide acting as a waterproofing agent.

At the trial of the case the defendants in the lower court attempted to introduce evidence to the effect that the “Caustic Soda” patent taught the use of chemically isolated protein as a glue base. Upon presentation of such evidence the appellee promptly disclaimed any interpretation or construction of the specification or claims of the “Caustic Soda” patent which would bring within the scope or import of said specification or claims, chemically isolated or chemically extracted protein (Ex. 77, R 98-100). Notice of the Disclaimer was given in the early days of the



trial, the actual Disclaimer being dated May 15, 1930, recorded in the Patent Office May 23, 1930, admitted in evidence on June 2, 1930 (R 207). The trial commenced on April 25, 1930. The "Caustic Soda" patent issued October 30, 1928 (Ex. 14, R 67-68).

Glue or adhesives had never been commercially made from chemically isolated or extracted protein of soya bean. Up to the time of trial there was no record extant of any commercial glue or commercial adhesive used in the veneer industry or capable of use in the veneer industry, from isolated protein of soya bean or any other seed residue flour (R 245-251-255). Up to the time of trial isolated protein of soya bean, chemically or otherwise, as an article of commerce was unknown (R 245). Isolated proteins of soya bean are very difficult to obtain (R 249-251). Isolated proteins of soya bean contain within themselves inherent qualities that preclude them from the possibility of making a commercially useful adhesive base, especially when applied as an adhesive base in the veneer industry (R 243-244-254-255). An experimental laboratory adhesive can be made from chemically isolated protein of soya bean and has so been made in laboratory experiments. Such experiments were introduced in evidence at the trial of this cause (Exs. 85-86) (R 240-241-243; 255-260). These tests were introduced in evidence for the purpose of determining the effect of carbon bisulphide upon the colloidal contents

of soya bean flour and to show the utter impracticability and unfitness of isolated protein of soya bean as a glue base.

Kaseno Products Co. never made a glue using chemically isolated protein as a glue base; neither did Kaseno Products Co. ever sell such glue (R 211--212-213-214). It is true that Linquist testified (R 210-211-215) that he did use in one of his glue formulae a substance which he believed to be an isolated vegetable protein of soya bean. That this particular glue was manufactured between August, 1927, and November, 1927, and that in 100 lbs. of dry adhesive base there were contained approximately  $6\frac{1}{2}$  lbs. to 10 lbs. of a substance which he, Linquist, believed was an isolated vegetable protein of soya bean. He called it "vegetable casein." That never more than one carload of said glue was made and its use was quickly discontinued (R 213). That he never had the substance analyzed, that he was not a chemist, but believed he had 6 lbs. of such isolated protein in 100 lbs. of dry adhesive base. The glue base consisted of 65 lbs. soya bean flour, 18 lbs. lime, 10 lbs. vegetable casein (R 212-213).

Linquist further testified (R 215):

"The first use of caustic soda as such was in March, 1927. After March, 1927, and up to February, 1928, caustic soda as such was used in certain of our soya bean glue formulas. Since February, 1928, and up to the time of the giving of the testimony of the witness

in May, 1931, the Kaseno Products Company used caustic soda as such with lime rather constantly in its soya bean glues. In one certain formula the percentage of soya bean flour in the glue base was as high as ninety-six per cent."

The use of carbon bisulphide by the Kaseno Products Co. commenced March 1, 1928 (R 215):

"After March, 1928, we used carbon bisulphide with our glues."

Kaseno Products Co. started to sell its full seed residue glues in the latter part of 1924 or the early part of 1925. It bought all of its soya bean flour from The Chas. H. Lilly Co. with the exception of one purchase from the Fisher Flouring Mill (R 216).

The Trial Court found that Kaseno Products Co. in its manufacture of glue had infringed claims 2, 4, 6 and 8 of the "Caustic Soda" patent, and claims 13 and 14 of the "Carbon Bisulphide" patent, and that "Appellant Lilly Co." and "Appellant Lilly" did contribute to such infringement by furnishing the soya bean flour from which the infringing glues were made, with full knowledge and intent that such flour was by it furnished to the Kaseno Products Co. for such use (R 157-159).

#### ARGUMENT

Appellants' argument and authorities under Points I (p. 32), II (p. 72), and III (p. 80) of the brief in this case,

are practically identical with respect to the corresponding points in the brief filed in Equity Cause No. 7083, with the exception of Subdivision "G" which in this brief is different.

**What Constitutes Soya Bean Glues Manufactured Under the "Caustic Soda" and "Carbon Bisulphide" Patents?**

The "Johnson" patent broadly covers the use of soya bean flour as an adhesive base. Claims 3 and 7 point out how soya bean flour can be used with the chemicals, sodium fluoride and lime or their equivalents, and water added, to make a glue. The "Caustic Soda" patent teaches that caustic soda as such may be added to such a glue. Claim 4, a typical claim, reads:

"A vegetable glue composition, comprising the reaction products of soya bean flour, an alkali metal hydroxide as such in an aqueous medium, and calcium hydrate."

Therefore, glue made under claims 3 and 7 of the "Johnson" patent, plus caustic soda as such added at the veneer plant, would constitute a glue made under the claims and teachings of the "Caustic Soda" patent. To this same glue carbon bisulphide may be added, under the teachings of claims 13 and 14 of the "Carbon Bisulphide" patent. You would then have the highest grade of soya bean flour glue manufactured and sold from the year 1926 up to and including the date of trial. This is illustrated by the chart

COMPARATIVE EXCELLENCE  
OF GLUES IN  
COMMERCIAL USE AS VENEER GLUES  
AS OF 1922.

WATER RESISTANT  
GOLD PROCESS  
VENEER GLUE FIELD

FIELD

ADHESIVE

CASEIN  
GLUE

659  
ply Ex 127  
600 5/17/31

COMPARATIVE EXCELLENCE  
OF GLUES IN  
COMMERCIAL USE AS VENEER GLUES  
AS OF 1930.

WATER RESISTANT  
COLD PROCESS  
VENEER GLUE FIELD

F I E L D

A D H E S I V E

1

2

3

4

5

LIME-SILICATE  
WITH VEGETABLE  
SEED FLOURS

JOHNSON  
EXHIBIT 1

CAUSTIC  
AS SUCH  
WITH VEGETABLE  
SEED FLOURS

CASEIN  
GLUE

CAUSTIC  
AS SUCH  
+ CS<sub>2</sub>  
WITH VEGETABLE  
SEED FLOURS

639  
REG EX 128  
adm 6/2/31

(Ex. 128) where it shows the progressive advancement of the soya bean glues in the water resistant cold process veneer glue field. It must be understood that other chemicals may be added to these respective glues, but such other chemicals are not material for consideration at this time.

**Did Kaseno Products Co. Manufacture and Sell Soya Bean Glues Using Caustic Soda and Carbon Bisulphide?**

As was clearly pointed out in the argument in the "Johnson" case, every formula contained within the printed record and used by Kaseno Products Company for glue making purposes, infringed claims 3 and 7 of the "Johnson" patent by using soya bean flour as a glue base together with sodium fluoride and lime, or the equivalents of said chemicals. Linquist testifies that their first use of caustic soda with soya bean glues was in March, 1927, and up to February, 1928, caustic soda was used in certain of the Kaseno soya bean glue formulae. From February, 1928, up to and including the date of trial, May, 1931, the Kaseno Products Co. used caustic soda as such with lime rather constantly in its glues (R 215). Kaseno Products Co. first began the use of carbon bisulphide on July 9, 1927 (R 210). After March, 1928, it used carbon bisulphide directly or indirectly with its soya bean glues (R 215). In other words, column 5 of the Chart (Ex. 128), depicts the character of glue, namely, caustic soda as such, plus carbon

bisulphide, plus soya bean flour, which constituted the highest type of soya bean glue manufactured from 1926 to the date of the trial. It was this glue which drove casein out of the veneer industry and made possible the fact that whereas in 1923 there were no veneer plants using soya bean flour as a glue base, in 1928 all the veneer plants of the Pacific Northwest had ceased the use of casein and were using the caustic soda as such plus carbon bisulphide with soya bean flour base, as a glue. It was this glue which the Kaseno Products Co. sold to the veneer industry, according to Linqvist's testimony, from the last of 1926 or the first of 1927, up to the date of the trial, and continued until the issuance of the injunction by the Trial Court on July 11, 1932 (R 215).

**What Kind of Glue Was Appellee Using During This Period of Time?**

As pointed out in the "Johnson" brief, the soya bean glue used by appellee from 1923 up to the time of suit was a soya bean glue covered by claims 3 and 7 of the "Johnson" patent, that is, a soya bean flour using sodium fluoride and lime or their chemical equivalents with or without added caustic soda as such, or with or without added carbon bisulphide. In other words, every ton of glue sold by the appellee during this period of time came within the claims found valid and infringed by the Trial Court in



the "Johnson" and/or "Caustic Soda" and/or "Carbon Bisulphide" patents, and the appellee sold no glue during this period of time which did not come within one or more of the said claims of the three respective patents. Other chemicals, not of importance herein, were used in various formulae.

**Was There Any Different Type of Glue Sold by the Kaseno Products Co. or by Appellee During This Period of Time?**

The record in this case does not disclose that there was any other or different type of glue sold by either the Kaseno Products Co. or the appellee during this period of time. Counsel for appellants in his brief has stated that Kaseno Products Co. manufactured and sold a glue using isolated protein as a base. This statement is not supported by the record (R 211-214). This was pointed out at length in the "Johnson" brief. The assertion of counsel is based upon a statement made by Linquist that he manufactured one car load of glue in which 6 to 10 lbs. of "vegetable casein" were used in his glue base. The glue consisted of soya bean meal, 65; tri-sodium phosphate, 6; sodium perborate, 1; sodium fluoride, 1; vegetable casein, 10, and lime 18 (R 212-213). Linquist himself testified that he did not know whether this "vegetable casein" was an isolated soya bean protein, that he was not a chemist and had never had it analyzed (R 213-214). The Court's attention is directed

to the fact that in this formula (being the only one in which vegetable casein was ever used, i. e. chemically isolated protein) soya bean flour is the glue base, being present to the extent of 65% whereas vegetable casein was only present 10%, and there was no other adhesive base used in this formula, the remaining parts being chemicals.

In connection with the use of this vegetable casein, Linquist testifies (R 211):

“We always built up the protein content of the glue base. We have built it up with vegetable casein, animal casein, and with blood.”

It will be noted that he says he built up the glue base. The glue base was soya bean flour. Thus it will be seen that Linquist's own testimony shows the falsity of the statement that Kaseno Products Co. ever used isolated vegetable protein as a glue base.

We therefore assert the fact to be, as shown by the evidence, the argument for which is set forth in detail in the “Johnson” case, that neither the Kaseno Products Company nor the appellee used any type of soya bean glue in which soya bean was not used as a glue base, from 1923 to the date of trial, and which glue base did not infringe, either jointly or severally, the claims of the “Johnson,” “Caustic Soda” and/or “Carbon Bisulphide” patents, which were by the Trial Court found to be valid. Other

than that there was no soya bean flour used for commercial glue making purposes, either by the appellee or Kaseno Products Co.

**In What Way Did Appellants Aid and Abet, or Contribute to the Infringement of The Kaseno Products Co. During This Period of Time?**

The "Appellant Lilly Co." furnished *all* of the soya bean flour, i. e., adhesive base, used by the Kaseno Products Co. from 1926 to the date of trial, save and except one purchase of flour made by the Kaseno Products Co. from the Fisher Flouring Mill (R 216), and in their stipulation (Ex. 11) they admit furnishing to Kaseno Products Co. the soya bean adhesive base for the manufacture of their glues.

**Did Appellants Know That the Soya Bean Adhesive Base Which They Were Selling to The Kaseno Products Co. Was by The Kaseno Products Co. to Be Used As an Adhesive Base? And Did Appellants Intend That Such Use Should Be Made of the Adhesive Base So Sold by Them to Kaseno Products Co.?**

In the Stipulation (Ex. 11, R 103) appellants state:

"\* \* \* that Chas. H. Lilly Co., the above named defendant, on and before March 27, 1928, sold and delivered and is now selling and delivering to the Kaseno Products Co., a co-defendant herein, soya bean seed cake ground to glue specifications, that is eighty mesh or finer, *for use in the manufacture of the adhesives or glues of said company.*"

Linguist testifies that appellants knew the use to which the adhesive base sold by them to Kaseno Products Co. was being put, and they knew it up to the present date, being the date of trial (R 216). We therefore submit that appellants knew that the soya bean adhesive base which they were manufacturing, was by the Kaseno Products Co. being used in the manufacture of its glue, which glue so manufactured and sold was covered by the claims of the "Johnson" and/or "Caustic Soda" and/or "Carbon Bisulphide" patents which the court held valid.

**What Knowledge Did Appellants Have As to the Infringing Acts of Kaseno Products Co. and the Existence of the "Caustic Soda" and "Carbon Bisulphide" Patents Prior to This Suit, viz., February 14, 1929?**

1. On March 27, 1928, the "Johnson" suit was started (Equity Cause No. 7083 in this court). In that bill of complaint Kaseno Products Co. was charged with infringing the claims of the "Johnson" patent in the manufacture and sale by it of glues made from soya bean flour. Appellants were charged:

(a) As being contributory infringers;

(b) With knowingly furnishing the infringing glue base, intending the same to be used in an infringing manner;

(c) With acting in concert with Kaseno Products Co. to infringe;

(d) With conspiracy with the Kaseno Products Co. to infringe;

(e) With conduct inducing others to infringe;

(f) With a determination to continue their infringing acts unless enjoined.

All of these matters are gone into in detail in the argument in the "Johnson" brief.

2. On April 19, 1928, twenty-three days after the commencement of the "Johnson" case, "Appellant Lilly" and Mr. Laucks, president of the "Appellee," had a conference in Mr. Laucks' office, at which conference Mr. Laucks offered to buy appellants' entire output of soya bean flour if "Appellant Lilly Co." would agree not to sell its soya bean flour, i.e. soya bean adhesive base, to any one other than appellee, and would in addition thereto drop the "Johnson" suit so far as "Appellant Lilly Co." and "Appellant Lilly" were concerned. This "Appellant Lilly" refused to do, stating that if it got the contract with Laucks for its then entire production, "Appellant Lilly Co." would put in additional machinery so that it could manufacture and sell its soya bean adhesive base to others. Under these conditions Laucks said that he would not purchase any of the

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product manufactured by "Appellant Lilly Co." (R 229-230). The significance of this conversation is apparent. The appellants then stood charged under the "Johnson" patent with contributory infringement, and with acting in concert with the Kaseno Products Co. to infringe the "Johnson" patent. Kaseno Products Co. was then their largest single customer for their soya bean adhesive base. In spite of the offer by appellee to take their entire product and drop the litigation in the "Johnson" case against them, "Appellant Lilly" personally and acting as the president and general manager of "Appellant Lilly Co." refused to accept this offer. It does not stand to reason that appellants would have refused this offer if they did not at that time have some agreement of concert of action with the Kaseno Products Co. in relation to the infringing acts of the Kaseno Products Co. to which appellants by the sale of the adhesive base to Kaseno Products Co. were contributing. This matter is gone into at length in the brief in the "Johnson" case. It would seem unnecessary to say more here.

3. On November 16, 1928, appellee in writing (Ex. 34, R 108) notified "Appellant Lilly Co." that appellee was the owner of Patent No. 1,689,732, dated October 30, 1928, covering broadly the "Use of Caustic Soda with Vegetable Protein Flours for Adhesive Purposes." And further that appellee was the owner of Patent No. 1,691,661,

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dated November 13, 1928, covering broadly the "Use of Carbon Bisulphide and like materials with Vegetable Protein Flours for Adhesive Purposes." This letter was written by appellee on advice of counsel as legal notice to appellants of the ownership and rights of appellee under said patents, and stated that appellee would resort to due process of law to enforce its rights against unlicensed manufacturers, sellers and users of glue embodying the inventions covered by the above identified patents, and against all contributory infringers. Appellants are here given full, ample and legal notice of the "Caustic Soda" and "Carbon Bisulphide" patents, and are warned as to their contributory infringing acts, and are told that they will be held to account therefor. Appellants knew that the Kaseno Products Co. was not licensed under the Laucks patents. Otherwise the "Johnson" suit would not have been brought. From this day on appellants knew that they would have to account for every pound of soya bean adhesive base as respects the patents here in suit that they sold to the Kaseno Products Co. for glue making purposes, unless the court would eventually hold that the "Caustic Soda" and "Carbon Bisulphide" patents were invalid, or that they, appellants, could otherwise legally escape the result of their contributory infringing acts. To this warning appellants gave no heed. They continued with their infringing acts, selling at the rate of 150 tons per month such soya bean adhesive

base. They were not content with selling to the Kaseno Products Co. alone, who during all this time was their largest customer, but they were selling to glue manufacturers throughout the length and breadth of the land (R 232). They were carrying on an active campaign of advertising and solicitation, as evidenced by the Arabol letters (Exs. 59, 60; R 104, 106).

“Appellant Lilly” testifies (R 228):

“We have written letters to everybody that we thought would be interested in it. My brother travels in the east, and has stopped at various places to inquire if there is any market for flour.”

And “Appellant Lilly” further testifies (R 231):

“I \* \* \* had been advised that certain of the veneer plants were going to make their own glues, and \* \* \* we were desirous of selling soya bean flour to them for that purpose. \* \* \* we had sent samples to them.”

\* \* \*

“I knew that the Kaseno Products Company was using this flour to manufacture glue.”

From the above record it is obvious that the appellants were using every resource at their command to extend the sale of their soya bean adhesive base. Further extended comment is made on the significance of these acts in the “Johnson” brief.

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**Was The Soya Bean Flour Manufactured by Appellants From 1926-27 to the Date of Trial an Ordinary or Standard Article of Commerce?**

In our argument in the "Johnson" brief we have gone into this subject at length. We have reviewed all the acts and conduct of the appellants and have shown that all their knowledge, acts and conduct point to one logical and irresistible conclusion, and that is that appellants knew that prior to the advent of the use of soya bean flour as an adhesive base (brought about by the great expenditure of time and money on the part of the appellee acting under the three patents) it had not manufactured or sold soya bean flour, but on the other hand had manufactured and sold in a very limited extent, soya bean meal; that its real manufacture of soya bean flour commenced in 1926-27 (R 225); that the sales prior to that time were not great; that subsequent to that time they sold their soya bean adhesive base, i.e. soya bean flour at the rate of 150 or more tons per month, and "most of it" appellants knew went into the manufacture of adhesives. In the Arabol letters (October, November, 1928) appellants point out that their product, i.e. soya bean flour, i.e. soya bean adhesive base, is a new commodity, so new in fact is the commodity that they are undertaking to advise the largest adhesive manufacturer in the United States of the existence of this new commodity, and suggest to the Arabol Manufacturing Co. that it adopt

it as one of its glue bases. Appellants then go on to tell that the new commodity is specially milled and processed, of uniform quality, and not to be confused with coarser ground flour or meal sometimes offered on the market. The sending of samples of their adhesive base to the veneer plants, their open solicitation throughout the United States of glue manufacturers to use their soya bean adhesive base, and the clear distinction that appellants make between the new commodity and the soya bean meal that had theretofore been ground and offered for sale, all conclusively show that the product manufactured by the appellants and sold to Kaseno Products Co. was a special product, specially adapted for a special use, that is, the manufacture of soya bean glues, all of which as designated in the stipulation were ground to glue specifications (Ex. 11). They knew that the Kaseno Products Co. was making these glues, and they knew that appellee was the owner of not only the "Johnson" patent but the "Caustic Soda" and "Carbon Bisulphide" patents as well (R 108).

We respectfully submit that the foregoing summary of argument, the more complete detail of which is found in the brief on the "Johnson" patent, and not extended here out of respect to the time and patience of this Court, is a conclusive answer to the arguments of counsel for the appellants contained in Sub-heads "A," "B," "C," "D," "E," and "F" of Argument, Point I (Appellants' Brief, p. 32).

## How Do Appellants Seek to Escape the Result of Their Unlawful Acts?

In spite of the record, as we have heretofore pointed out, appellants state (Appellants' Brief, p. 67-68):

“Neither Mr. Laucks nor anyone connected with Appellee ever notified Appellants that they claimed Kaseno Products Co. was infringing any patent held by Appellee (R 230). Appellants did not know that Appellee owned patents covering the manufacture of glue from soya bean flour (R 232).”

How can this Court place any credence upon such statements? This suit was started February 14, 1929. The “Johnson” suit was started March 27, 1928. Surely the commencement of that law suit, joining the appellants as joint *tort feasors*, ought to be some notice of the ownership of the patent. Surely the commencement of that law suit ought to have charged appellants with the knowledge that the Kaseno Products Co. was infringing patents held by the appellee. Surely the letter of November 16, 1928 (Ex. 34; R 108) gave notice to appellants that appellee was the owner of the “Caustic Soda” and “Carbon Bisulphide” patents, and that it would hold appellants legally responsible for their contributory infringing acts. In the face of this documentary record, how can appellants represent to this Court as they do in the quoted extract above referred to?

The authorities upon which the appellee relies herewith follow. Thereafter we will take up point by point the points and authorities raised and cited by appellants in their brief.

### AUTHORITIES

As illustrating the general reasons for and the principles underlying the law of contributory infringement of patents, one of the leading decisions is that of *Thomson - Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, at 721, wherein Taft, then Circuit Judge, stated:

“One is legally presumed to intend the natural consequences of his act. Hence the defendant, in offering the switch and trolley for sale to the general public, may be reasonably held to intend that they should be used in combinations in an electric railway covered by the claims of complainant’s patents.

*“It is well settled that where one makes and sells one element of a combination covered by a patent with the intention and for the purpose of bringing about its use in such a combination he is guilty of contributory infringement and is equally liable to the patentee with him who in fact organizes the complete combination. The leading case on the subject is Wallace v. Holmes, 9 Blatchf. 65, 29 Fed. Cas. 79. It was cited with approval in Tie Co. v. Simmons, 106 U. S. 89, 1 Sup. Ct. 52, and the same doctrine was applied and extended by this court in Heaton- Peninsular Button-Fastener Co. v. Eureka Specialty Co., 77 Fed. 288, to a case where the article sold was not even an element of the patented combination, but was an article the use of which in connection with the patented combination was a violation of the conditions of a license, and destroyed the protection the license would otherwise have afforded. The cases in*

the circuit courts where the same general principle has been applied are legion. (Citing authorities) \* \* *An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by aiding and abetting it, have been held to be jointly and severally liable for the injury inflicted. There must be some concert of action between him who does the injury and him who is charged with aiding and abetting, before the latter can be held liable. When that is present, however, the joint liability of both the principal and the accomplice has been invariably enforced. If this healthful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised by the constitution and laws of the United States to inventors is a poor sham. Many of the most valuable patents are combinations of nonpatentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, make it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights.*

\* \* \*

*It is said that no concert of action by defendant with any one for the purpose of accomplishing an infringement of complainant's patent rights is shown. As already stated, it does appear that defendant is offering for sale articles that can only be used in combinations covered by complainant's claims. This is an effort to secure a concert of action by which the combinations of complainant's patents may be assembled. If successful, infringement will follow; hence the preliminary steps which are intentionally taken to bring about the injury may be enjoined.*

“In considering the same point in *Wallace v. Holmes*, 29 Fed. Cas. 79, Judge Woodruff said:

‘Here the actual concert with the other is a certain inference from the nature of the case, and *the distinct efforts of the defendants to bring the burner in question into use*, which can only be by adding the chimney. *The defendants have not, perhaps, made an actual prearrangement with any particular person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done.*’

Now, it is suggested that defendant had the right to sell parts to be used in complainant’s combinations to the licensees of complainant, and to those who, having once bought the articles of the combination from the complainant, it is said, have the implied right to repair and renew parts worn out with use. It being established that defendant is offering for sale articles, intending them to be used in combinations which, if unlicensed by complainant, would be infringements of complainant’s patents, we think that it is the *duty of the defendant to see to it that such combinations which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. We are unable to see why any different rule should be applied in such a case from that applicable to a case in which a defendant makes a patented machine to order.* He may make such a machine upon the order of the patentee or a licensee, but not otherwise. *Upon him is the peril of a mistake as to the lawful authority of him who gives the order. So, he may knowingly assist in assembling, repairing, and renewing a patented combination by furnishing some of the needed parts; but when he does so, he must ascertain, if he would escape liability for infringement, that the one buying and using them for this*

*purpose has a license, express or implied, to do so. What we have said has application only to cases in which it affirmatively appears that the alleged infringer is offering the parts with the purpose that they shall be used in the patented combination. We have found that it does so appear here, and is a matter of certain inference from the circumstance that the parts sold can only be used in the combinations patented. Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, been adapted to other uses than in the patented combination. In the latter case the intention to assist in infringement must be otherwise shown affirmatively, and cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used."*

The law of contributory infringement, as outlined in the above authority, has been adopted in this circuit in the case of *Wilson v. Union Tool Co.*, 265 Fed. 669, 672, C. C. A. 9, where the court, in answer to the contention of the defendant that it had the right to supply a part or parts of a patented combination, said:

"The rule of contributory infringement, however, does not uphold the contention. In *Thomson Houston v. Ohio Co.*, 80 Fed. 712, 26 C. C. A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells one element of a combination covered by a patent, with the intention and for the purpose of bringing about its use in such combination, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination. Judge Taft, for the court said:

'Many of the most valuable patents are combinations of non-patentable elements, and the only ef-

fective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, made it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights.' ”

Both of these cases having been cited by the appellants, there can be no exception taken to such authorities as not representing the law.

As we have heretofore said, the “Johnson” case was commenced on March 27, 1928. From that date on the appellants knew that they were wrongfully furnishing the adhesive base to the Kaseno Products Company. They stipulated that this adhesive base was furnished for the manufacture of Kaseno Products Co.'s “adhesive.” This being true, at least from the date of the commencement of the “Johnson” suit the appellants were wrongfully furnishing the distinguishing, necessary element of the “Johnson” patent. In the “Caustic Soda” and “Carbon Bisulphide” patents, the soya bean flour glue base is not now the distinguishing element of the patented combination, but it is the *necessary* base of the patented combination, the essential, distinguishing element in both “Caustic Soda” and “Carbon Bisulphide” patents, being the addition of caustic soda as such to the necessary soya bean adhesive base, and the addition of carbon bisulphide for waterproofing purposes to the nec-



essary soya bean adhesive base. The furnishing of the adhesive base by the appellants to Kaseno Products Co. after March 27, 1928, was wrongfully, and by them known to be wrongful. Therefore, the furnishing of such adhesive base which was used as the necessary base element with caustic soda and carbon bisulphide was just as wrongful for caustic soda and carbon bisulphide uses as it was for use with claims 3 and 7 of the "Johnson" patent which wrongful use for claims 3 and 7 of the "Johnson" patent is admitted by the appellants' continued use thereof after the commencement of the suit.

Next the attention of the court is specially directed to the case of *Novadel Process Corporation v. J. P. Meyer & Co.*, 35 Fed. (2d) 697 (C.C.A. 2). The patent was for a process for bleaching flour including mixing certain bleaching agents with flour, and storing said mixture. The court states, 703:

"Appellant has stipulated that it manufactures and sells a mixture containing benzoyl peroxide, known as 'Purifyne,' which consists of approximately one part by weight of benzoyl peroxide and three parts of calcium diphosphate, and its 'Purifyne' is sold to millers of wheat flour for bleaching the flour. It is used by millers, mixing it dry with the flour in proportions of approximately 1 part of 'Purifyne' by weight to 8,000 parts of flour, after which the flour is stored or packaged, and remains for a period of at least three days before being used, during which time the flour is bleached by 'Purifyne.' This is a sufficient admission of infringement. All the claims are infringed.

Decree affirmed, with costs.”

It will be noted that the above stipulation was that its “Purifyne” was “sold to millers of wheat flour *for* bleaching the flour. Thus, the stipulation parallels that in the present case, where appellants admit (R 103):

“\* \* \* on and before March 27, 1928, *sold and delivered* and is now selling and delivering to the Kaseno Products Co., a co-defendant herein, soya bean seed cake *ground to glue specifications*, that is eighty mesh or finer, *for use in the manufacture of the adhesives or glues* of said company. \* \* \*”

Further relative to that type of contributory infringement wherein the article was specially adapted for use in the patented combination: *It will be noted that such article need not necessarily be “only” adapted for use in the patented combination, see:*

*Sandusky Foundry & Machine Co. v. De Lavaud*, 274 Fed. 607, 611 (C. C. A. 6th).

Also see *Kalem Co. v. Harper Bros.*, 222 U. S. 55; 56 L. Ed., 92, 96. This was a copyright case and the court stated relative the question of intent:

“\* \* \* The defendant not only expected but invoked by advertisement the use of its films for dramatic reproduction of the story. That was the *most conspicuous purpose* for which they could be used, and the one for *which especially they were made*. If the defendant did not contribute to the infringement, it is impossible to do so except by taking part in the final act. \* \* \*”

The Supreme Court of the United States cited this case in the patent contributory infringement case of *Henry v. A. B. Dick Co.*, 224 U. S. 1; 56 L. Ed. 645, 664, and the following lines, from said *Dick* case, it is submitted, has put an end to the entire question here under consideration:

“\* \* \* Undoubtedly a bare supposition that by a sale of an article which, though adapted to an infringing use, is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce. There must be an intent and purpose that the article sold will be so used. Such a presumption arises when the article so sold is only adapted to an infringing use. *Rupp & W. Co. v. Elliott*, 65 C.C.A. 544; 131 Fed. 730. *It may also be inferred where its most conspicuous use is one which will co-operate in an infringement when sale to such user is invoked by advertisement. Kalem Co. v. Harper Bros. decided at this term* (222 U. S. 55, ante, 92; 32 Sup. Ct. Rep. 20).”

Thus, the court expressly states that the intent may be inferred from “the most conspicuous use.” (The court’s attention is called to the fact that *Henry v. Dick*, so far as the same conflicted with the decision of *Motion Picture Patents Co. v. Universal Film Co.*, 243 U. S. 502; 61 L. Ed. 871, 879, relative to *sale* of an article with license restrictions, was overruled, but said authority was not reversed on the point for which the case is here cited. It will be noted, however, that this case was cited by appellants.)

Commencing with 1926 the appellee adopted the use of its caustic soda as such, plus carbon bisulphide glues in which glues soya bean flour was the base. It was this glue as indicated in column 5 of Exhibit 128 that drove casein glues from the veneer field. This carbon bisulphide—caustic soda—soya bean glue was the highest type of water resistant veneer glue then or now existing. That appellants were familiar with this highest type of soya bean glue, including caustic soda and carbon bisulphide, is evidenced by the statements contained in their Arabol letter (R 104) where they say:

“We are the manufacturers of a soya bean flour which is being used extensively on this Coast as a base in *waterproof glue*.”

They further stated that this glue had almost entirely replaced casein. The only soya bean glue then or now existing corresponding to this description of appellants was a glue represented in Column 5, Exhibit 128. This is the glue that appellants are describing to the Arabol Manufacturing Co. on October 17, 1928, at which time they say that the flour of which this glue is made is practically a “new commodity” (R 107), and that this is the same glue that is being manufactured by the appellee. This glue so described by appellants uses both carbon bisulphide and caustic soda, and this appellants must have known.

A glance at Exhibit 128 will show that the glues made strictly under the terms of the "Johnson" patent, being Column 2, could not have justified the statements made in the Arabol letters. The statements contained in the Arabol letters would have been false if the only glue that the appellants at that time knew was the "Johnson" glue represented by Column 2 of said Exhibit. They must have intended the carbon bisulphide-caustic soda-soya bean glue. glue.

Accordingly, the authorities above cited are controlling when applied to the facts in this case, because in the language of the cases the most conspicuous use of the soya bean flour was for use in forming the base of the glue composition represented in Column 5 of said Exhibit.

As an answer to the plea that the appellants were innocent infringers, the court's attention is directed to the case of *Mueller Co. v. A. Zeregas Sons*, 12 Fed. (2d), 517, 519 (C.C.A. 2), where it is stated:

"\* \* \* The court below decreed validity and found infringement. It also found that there had been no laches on the part of plaintiff in proceeding against this defendant infringer. Nevertheless accounting was denied. The reason for this step was that defendant was an 'innocent infringer,' which had bought its machine under assurances from the people who manufactured for Mueller or their successors that there would be no trouble over patents.

*Doubtless the situation is annoying, perhaps even distressing, for defendant; but if persons who put faith in manufacturers of infringing articles are to be protected by their faith from accounting to the real owners of what they buy, a very easy path is open for the aborting of most patent suits.*

*Since there is a finding of no laches on plaintiff's part (with which we agree), we know of no legal reason for refusing the relief of an accounting after hearing on the merits. Against even an 'accidental infringement,' injunctive relief is proper. Thompson v. Bushnell Co., 96 F. 238, 37 C.C.A. 456.*

*This infringement is not accidental, nor in any true sense unintentional. Doubtless defendant did not think it would infringe by buying where it did, but it is legally presumed to have intended all the legal consequences of what it did. This suit is one of those consequences.*  
\* \* \*

Also see the case of *Young Radiator Co. v. Modine Mfg. Co.*, 55 Fed. (2d), 545, 550 (C. C. A. 7), where the court stated:

*"We are next confronted with appellant's contention that it was not a party to the infringements and hence is not liable. With this contention we cannot agree. It made use of Bulletin H-429 as an advertisement until the last of October, 1929. It suggested and urged the installation and use of appellant's device in such a manner as to secure the same results, and by the same means, as those employed and used by appellee. It is true that it eliminated this particular instruction from the bulletin a short time before suit was filed, but it had already started a very damaging force in motion, which was bound to be hurtful to appellee. \* \* \*"*

Appellants in this case are making the plea *not* that they were innocent of furnishing their soya bean adhesive base to Kaseno Products Co. so far as the "Johnson" patent is concerned, but they are saying that they are innocent of any use to which the Kaseno Products Co. put the glue base as respects caustic soda and carbon bisulphide. There can be no possible question of the willful intent of the appellants to infringe the "Johnson" patent at least after the date of the commencement of the "Johnson" suit. There can be no possible question that after that date the appellants were selling their soya bean adhesive base to the Kaseno Products Co. with the willful intent of infringing. It will be noted that there was no limitation in their stipulation as to what adhesives Kaseno Products Co. should use. They were furnishing an adhesive base *for all soya bean glues that Kaseno Products Co. might make*. The continuation by the appellants of their infringing acts, at least since the commencement of the "Johnson" suit, after notice of the "Caustic Soda" and "Carbon Bisulphide" patents, after the commencement of this present suit, is conclusive evidence of appellants' lack of good faith. "It is a maxim running through the whole law that every person must be taken to intend the natural consequences of his acts." (*Best*, Ev. 344; 1 *Greenl.* Ev. (7 Ed.) Sec. 18.) It is further a maxim that he who fraudulently and wrongfully initiates a force or act is thereafter responsible for all direct

results of such fraudulent force or act. In the words of the quoted case, "it had already started a very damaging force in motion." So in the present case the appellants' continued furnishing of the soya bean flour adhesive base to Kaseno Products Co. at least after the commencement of the "Johnson" suit, was at all times a fraudulent act and was committed with fraudulent intent.

Kaseno Products Co. did use its glue base to infringe the "Caustic Soda" and "Carbon Bisulphide" patents and appellants are estopped to deny their liability therefor. It was they who were guilty of the fraudulent act of furnishing the glue base. Without a glue base Kaseno Products could not have infringed, and the furnishing of the glue base was at all times, at least after the commencement of the "Johnson" suit, an acknowledged, willful, intentional and fraudulent act on the part of the appellants. Having so acted with such knowledge and full intent, and having committed a wrongful and fraudulent act, they are now estopped to raise the defense that they did not intend the fraudulent act to have reached to the "Caustic Soda" and "Carbon Bisulphide" patents. This position is supported by the following cases: *New Eng. Awl & Needle Co. v. Marlboro Co.*, 168 Mass. 154; *Lamont v. Hershey*, 140 Fed. 763; *Orr-Ewing v. Johnson*, 13 Ch. D. 434, 553.



In the latter case it is said:

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.”

In *New York Scaffolding Co. v. Whitney*, 224 Fed. 452, 459, (C.C.A. 8) (Cer. Den. 60 L. Ed. 482) the court states, relative to the burden of proof:

“\* \* \* One who makes and sells articles which are only adapted to be used in a patented combination will be presumed to intend the natural consequences of his acts; he will be presumed to intend that they shall be used in the combination of the patent. *It is the duty of one who is offering for sale one or more articles, which he intends shall be used in combinations which, if unlicensed, will infringe a patent, to see to it that such combinations which he thus promotes and induces are lawfully organized. Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, 721; 26 C.C.A. 107, 116. The foregoing rules of law are indisputable. (Citing authorities.) \* \* \*”

The attention of the court is called to the fact that in this case the decision was for the plaintiff, and this case is not to be confused with the case cited by the appellants in their brief (p. 52), referring to *Whitney v. New York Scaffolding Co.*, 243 Fed. 180, C. C. A. 8, the latter case dealing with a different structure made by the defendant than in the above case cited by appellee.

In *Westinghouse Electric & Mfg. Co. v. Precise Mfg. Corp.*, (C.C.A. 2) 11 Fed. (2d) 209, 211, the court stated:

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“\* \* \* *The only use known to the trade of these, or that suggested by each of the appellants in their advertising matter or instructions to the users, is in the superheterodyne receiver.*

Many valuable patents are combinations of unpatentable elements. By furnishing parts it makes it possible for others to assemble and use the combination, and when a manufacturer, by so manufacturing and advertising, points out the way in which this can be done, and thus, intentionally so acting, promotes infringements of patentee's rights, he becomes a contributory infringer. *Thomson-Houston El. Co. v. Ohio Brass Co.*, 80 F. 712; 26 C.C.A. 107. A device capable of an infringing use, and sold with the intent that it shall be so used, is an infringement of the patent, even though the same device is capable of a noninfringing use, and even though there may be a form of instructions that it shall be used in a non-infringing way. *Sandusky Foundry & Machine Co. v. De Lavaud* (C.C.A.), 274 F. 607. But where, as here, it appears that each of the appellants manufactured with knowledge of the contemplated infringement, contributory infringement is clear. (Citing authorities.)”

The next case of appellee is one in our own circuit, *Ersted v. Williamette Iron & Steel Works*, 28 Fed. (2d) 960, 962 (C.C.A. 9). This circuit, speaking through Judge Dietrich, said in the court's decision dated November 5, 1928:

“\* \* \* In the second place, in view of the fact that defendant had not acted *unwittingly*, but *deliberately*, in appropriating plaintiff's device, *its admitted sales after notice of patent, its denial of the validity of the patent*, its conduct, highly equivocal, to say the least, *in continuing to put on the market machines embodying plaintiff's device*, with the exception only of the

spring, and putting out the catalogue which, among other things, lists the omitted spring, we are further of the opinion that plaintiff was entitled to an injunction, not only against sales of the machine fully equipped with plaintiff's device, but against the use of such catalogue and other means or practices tending to encourage or contribute to the use by others of infringing devices.

Reversed, with directions to take further proceedings not inconsistent herewith."

It will further be noted that not only were the appellants given written notice of the existence of these patents, and charged with knowledge that they would be held as infringers, but additional notice was given in that every sack of soya bean flour glue manufactured by the appellee contained on the sack a tag which had the usual notice that the product was patented and contained the numbers of the "Caustic Soda" and "Carbon Bisulphide" patents.

The sufficiency of such notice was definitely determined in *Munger v. Perlman Rim Corp.*, 244 Fed. 799, 805, affirmed 275 Fed. 21:

"Notice of the existence of the patent was given by the plaintiff by marking the manufactured product under the patent with the date of the patent. This was placed upon the wheels manufactured commercially by the Munger Vehicle Tire Company, and was sufficient notice within the meaning of section 4900 of the Revised Statutes."

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APPELLANTS ARE ESTOPPED TO RAISE DEFENSE OF OTHER NON-INFRINGEMENT USES BECAUSE OF THEIR INITIAL FRAUDULENT ACT.

In the "Caustic Soda" patent (Ex. 14; R 72) we find:  
" \* \* \* caustic soda apparently playing the part of dispersing the colloidal material."

Claims 3 and 7 of the "Johnson" patent include therein the use of hydrated lime and sodium fluoride or their chemical equivalents, with the soya bean base. Sodium fluoride and hydrated lime or their chemical equivalents are alkaline-reacting substances. Caustic Soda is a very strong, alkaline-reacting substance. Under the claims of the three patents in suit soya bean flour as an adhesive base can be used for glues only after the colloidal material of said adhesive base has first been dispersed, i. e., acted upon by alkaline substances. If this treatment with an aqueous alkaline medium does not take place there will be no resultant glue.

On March 27, 1928, the "Johnson" suit was instituted. Thereby the Kaseno Products Co. was charged with being an infringer and the appellants were charged with being contributory infringers because they were furnishing to the Kaseno Products Co. the adhesive base from which the Kaseno Products Co. was manufacturing the infringing article. Every formula used by the Kaseno Products Co. in the manufacture of its soya bean glues as disclosed by the

printed record in this case, shows that it did use an aqueous alkaline medium, (a) either sodium fluoride and lime or their equivalents; (b) soya bean base with which the chemicals of the "Johnson" patent or their equivalents were used, plus caustic soda, or a soya bean base to which caustic soda as such was added. Therefore, every pound of soya bean flour furnished to the Kaseno Products Co. by the appellants had first to be treated with an agent which was an alkaline-reacting substance of which caustic soda was one. All the soya bean flour sold to the Kaseno Products Co. by the appellants after the commencement of the "Johnson" suit was by the appellants sold with the knowledge and intent of continuing the fraudulent and unlawful acts concerning which they were charged at length in the bill of complaint. The Trial Court has found that the Kaseno Products Co. was an infringer. Therefore, every sale of soya bean flour to Kaseno Products Co. after the commencement of the "Johnson" suit was a tortious and fraudulent act on the part of the appellants and by them known and intended to be such.

In *Whitney v. New York Scaffolding Co.*, 243 Fed. 180, 185 (C.C.A. 8), a case cited by appellants, it will be noted that the court stated in the next sentence following the concluding sentence of appellants' extract:

"\* \* \* The facts that the plaintiff's machine (we submit "plaintiff's") is erroneously used in place of "de-

defendant's"—no sense otherwise) or device is capable of use in such a way as to aid in the infringement of the patented invention, that it has been used in that way, that the defendant knew it had been so used and still continued to manufacture and sell it, and that he fitted it for such use, are competent evidence of such an intention or purpose. \* \* \*” (Insert ours.)

*Orr-Ewing v. Johnson*, 13 Ch. D. 434, 553, where the court stated:

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.”

Also see *Feil v. American Serum Co.*, 16 Fed. (2d) 88, 90 (C.C.A. 8):

“\* \* \* In suits for infringement of registered trademarks, where the defendant has refused on notice to cease the use of an infringing device and has continued to infringe, neither a fraudulent intent to injure the complainant nor an actual misleading of the public need to be proved. They will be and are presumed. (Citing authorities.)”

In our own Circuit, in the case of *Schurmann v. United States*, 264 Fed. 917, 920 (C.C.A. 9), in connection with the naturalization certificate, it was held that the intent to commit the original fraud could be judged from the party's later conduct, the court declaring:

“\* \* \* In years, however, the time did come, and the criterion of original fraud must be the later conduct, which, in its relation to the earlier attitude, will

furnish safe ground for judgment. (Citing authorities.)”

Also see the case of *Queen Mfg. Co. v. Isaac Ginsberg & Bros., Inc.*, 25 Fed. (2d) 284, 288, where the court said:

“\* \* \* Where, however, the defendant has refused on notice to cease the use of a mark or a label, the natural and probable result of which will be to deceive the public, and palm off the goods of the defendant as the goods of the plaintiff, fraudulent intent will be presumed. (Citing authorities.)

\* \* \*

Defendant continued such use after notice from the plaintiff, and from such continued use fraudulent intent will be presumed.”

It will be well noted by the court that under the Stipulation (Ex. 11, R 103) the appellants state they are selling their adhesive product to the Kaseno Products Co. for use in the manufacture of its *adhesives* and *glues*. This means any or all of the adhesives or glues which were to be manufactured by the Kaseno Products Co. in which it uses soya bean flour as a base.

It will be further noted that every act on the part of the appellants in furnishing said adhesive base, after the commencement of the “Johnson” suit, was a fraudulent and tortious act. It will be further noted that it is academic law that one who knowingly and intentionally puts into motion a damaging force is thereafter responsible for all resultant damages directly flowing therefrom. Appellants

from the date of the commencement of the "Johnson" suit by the sale of their adhesive base "without restriction" to the Kaseno Products Co. intending its use as a glue were knowingly and intentionally putting into action a damaging force, i. e., soya bean adhesive base. This act by them was wrongful and tortious. As a direct result of this wrongful act the Kaseno Products Co. manufactured glues which at all times not only infringed claims 3 and 7 of the "Johnson" patent, (a tort) but also infringed the "Caustic Soda" and/or "Carbon Bisulphide" patents in suit. As to the infringement of the "Caustic Soda" and "Carbon Bisulphide" patents the appellants are now estopped to raise any defense as to such infringing acts based on the grounds that they had no knowledge or intent that the soya bean adhesive base which they sold to the Kaseno Products Co. was to be used for that purpose.

The authorities hereinafter cited clearly establish that it is immaterial whether the appellants knew or did not know, intended or did not intend specific infringement of the "Caustic Soda" and "Carbon Bisulphide" patents when they sold the soya bean adhesive base. Having initiated the damaging force, they are charged in law with the resultant damage that appellee sustained by virtue of the infringement of the "Caustic Soda" and "Carbon Bisulphide" patents.



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*J. O'Neal Sandel v. State of South Carolina*, 104 S. E. 567; 13 A.L.R. 1268 at 1272:

"Let us illustrate from the famous squib case (*Scott v. Shepherd*, 2 W. Bl. 892, 96 Eng. Reprint, 525, 3 Wils. 403, 95 Eng. Reprint, 1124). The injury did not result immediately from defendant's act in throwing the squib upon another; and, if that person had not thrown it upon another, and if the last man had not thrown it upon the plaintiff, he would not have been injured. There we have an intervening cause, in fact, several of them, in the absence of which the plaintiff would not have been injured. Nevertheless, the defendant was liable to the plaintiff, because he had wrongfully set in motion a force which continued to operate until it caused the injury."

*Kentucky Heating Company v. Jessie Hood*, 118 S. W. 337; 22 L.R.A. (N. S.) 588 at 592:

"A person who commits a tort like this is liable for all the damages that naturally flow from, and are the result of, this wrongful act, although he may not, at the time, have given any thought to or have anticipated that injurious consequences would follow. It is no excuse or defense for the wrongdoer that he did not mean to commit any wrong, or did not know that any injury or loss would ensue."

The court now quoting from *Sutherland on Damages*, Vol. 1, Sec. 16:

"He who is responsible for a negligent act must answer 'for all the injurious results which flow therefrom, by ordinary natural sequence. \* \* \* Whether the injurious consequences may have been "reasonably expected" to have followed from the commission of the act is not at all determinative of the liability of the

person who committed the act to respond to the person suffering therefrom.' \* \* \* There need not be in the mind of the individual whose act or omission has wrought the injury the least contemplation of the probable consequence of his conduct; he is responsible therefor because the result proximately follows his wrongful act or nonaction. All persons are imperatively required to foresee what will be the natural consequences of their acts and omissions, according to the usual course of nature and the general experience."

Citing many authorities.

*Munsey v. Wesley Webb*, 231 U. S. 150; 58 L. Ed. 162  
at 166:

"It was not necessary that the defendant should have had notice of the particular method in which an accident would occur, if the possibility of an accident was clear to the ordinary prudent eye."

Citing authorities.

Almost innumerable authorities could be cited to support this doctrine.

Appellants wrongfully sold the adhesive base to Kaseno Products Co. for the manufacture by it of its own soya bean adhesives and glues. As in the present case, such sale infringed claims 3 and 7 of the "Johnson" patent. This was a tort. With this adhesive base Kaseno Products Co. manufactured and sold caustic soda and carbon bisulphide glues, in both of which glues it must be remembered the infringing glue base of the "Johnson" patent was present.

We respectfully submit that it is impossible for the appellants to maintain the defense as against the "Carbon Bisulphide" and "Caustic Soda" patents that they, the appellants, did not know that the soya bean adhesive base sold to Kaseno Products Co. was to be used in an infringing manner either with carbon bisulphide or caustic soda. The Trial Court found that Kaseno Products Co. did so use it; held them guilty as direct infringers. We respectfully submit that the appellants are equally guilty as contributory infringers. Especially must all this be true when the record discloses that the appellants were notified in writing of the existence and ownership of the "Carbon Bisulphide" and "Caustic Soda" patents and were warned not to infringe the same, and even with this notice given them prior to suit, they still continued to infringe.

It is submitted that the conclusions reached in these authorities amply justify the decision of the Trial Court in holding that the appellants acted with all the intent necessary to hold them contributory infringers.

**REPLYING TO THE CONTENTION OF APPELLANTS, RESPECTING THE DEFINITION OF "CONTRIBUTORY INFRINGEMENT," Appellant's Brief, p. 32 etc.**

Appellee has no quarrel with appellants extract from the 9th circuit case of *Wilson v. Union Tool Co.* (C.C.A.

9th), 265 Fed. 669, 672, wherein is quoted the following as the definition of "contributory infringement:"

"\* \* \* 'In *Thomson-Houston v. Ohio Co.*, 80 Fed. 712; 26 C.C.A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells one element of a combination covered by a patent, with the intention and for the purpose of bringing about its use in such combination, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination'."

This is the definition of contributory infringement adopted in this circuit.

In the paragraph in which the above extract occurs, also is to be found (Judge Taft, for the court stating):

"'Many of the most valuable patents are combinations of nonpatentable elements, and the only effective mode of preventing infringement is by suits against those who, by furnishing the parts which distinguish the combination, made it possible for others to assemble and use the combination, and who, by advertisement of the sale of such parts and otherwise, intentionally solicit and promote such invasions of the patentee's rights'."

Thus it is submitted that the conduct of "Appellant Lilly Co." clearly places them well within the definition of a contributory infringer of the patents in suit.

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REPLYING TO THE ARGUMENT IN APPELLANTS' BRIEF  
HAVING THE SUBHEAD (page 34):

**“B.—Knowledge that One is Aiding in an Infringement and an Intent to so aid are Essential Elements of Contributory Infringement.”**

Appellants state in their opening paragraph under this heading:

“Without guilty knowledge and intent, the necessary concert of action is missing and there can be no contributory infringement.”

It is submitted that this is an attempt to make the intent equal to that of a criminal. This is contrary to the nature of infringement, which is a tort—a fact academic in patent law. Nor do the appellants anywhere cite any authority for the phrase “guilty knowledge and intent,” and such, it is respectfully submitted, is not the law as to intent in connection with contributory infringement.

The defendants cite *Bullock Elec. & Mfg. Co. v. Westinghouse Elect. & Mfg. Co.* (C.C.A. 6th), 129 Fed. 105, 111. In this case the court found there could be no infringement at all. How can the case be pertinent?

Relative to the appellants' citation of *Individual Drinking Cup Co. v. Errett* (C.C.A. 2nd), 297 Fed. 733, 739, where they quote (Appellants' brief 35):

“In the last analysis, the fundamental thought is that, before one may be held for contributory in-

fringement, it must be shown that he had *knowingly* done some act without which the infringement would not have occurred."

Can there be any question in the mind of this Court, that so far as the "Carbon Bisulphide" and "Caustic Soda" patents are concerned, the appellants acted innocently? It just is not within human comprehension so to believe.

Without unnecessarily repeating the record heretofore cited, there is no question but what the appellants knew at least after the commencement of the "Johnson" suit, after the rejection of the contract with appellee (R 229), after their notice of the ownership of the patents by appellee, and after writing the Arabol letters, that the adhesive base which they were furnishing Kaseno Products Co. was being used for glues which contained carbon bisulphide and caustic soda. We have no quarrel with the citation. The appellants come squarely under it.

The decision in this case not only is not of help to the appellants but is of positive aid to the appellee for the court says that contributory infringement extends to those who induce a person to use an infringing device "in order that the inducer may sell some article used in connection with the device."

Appellants are here not only profiting by making their sales of the adhesive base to Kaseno Products Co., but, as shown by the record, were engaged in inducing others

throughout the length and breadth of the land to infringe the patents of the appellee. Incidentally, in the *Individual Drinking Cup Co.* case (supra) the defendant was held as a contributory infringer.

### REPLYING TO SECTION C (Appellants' Brief 35)

**“The Manufacture and Sale of a Separate Element of a Patented Combination, the use of which Element is not Limited to the Patented Combination, does not Constitute Contributory Infringement unless it be proved that such Manufacture and Sale were for the Purpose and with the Intent of Aiding Infringement.”**

Under this heading is set forth a general discussion of the law, citing certain cases. Appellee submits the cases are inapplicable to the facts of the present case.

Answering *Saxe v. Hammond*, 1 Ban. & A. 629, 631; 21 Fed. Cas. No. 12,411 (Applnts.' Bf. 37): The facts of this case are clearly distinguishable from those before this court. The defendants made a fan which was capable of any number of different uses, and to make it an infringement of the patented combination

“\* \* \* depends upon the position and arrangement of it in the organ, whether or not it be placed external to wind-chest; whether it be placed so as to cut off the sound and produce a succession of notes, or merely to agitate the air and vary the musical notes, without interrupting their continuity. Even if all these alternative conditions were on the side of infringement, there must be the *additional element of a sale, for use, by an*

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*unlicensed manufacturer*, which is not proved in this case.”

Here, then, they did not prove a direct infringer and there being no direct infringer, naturally there could be no contributory infringer.

Note well that there was no direct infringement established, and all that the plaintiff proved was danger of a possible infringement which never came into being. Surely the appellants are hard pressed when they must attempt to rely on cases with facts so far afield from facts of the present suit.

Answering *Winne v. Bedell*, 40 Fed. 463, 464 (applnts.’ Bf. 39):

There was no proof that the defendant ever sold an element of the combination, and there was no evidence from which his intention could be inferred to aid somebody to transform this into an element of the combination. There was no stipulation like that in the present case where the party admitted selling to a co-defendant a glue base for the purpose of manufacturing the glue products of the co-defendant.

Next, the appellants cite *Thomson-Houston Electric Co. v. Ohio Brass Co.* (C.C.A. 6th), 80 Fed. 712, 723, and *Leeds & Catlin Co. v. Victor Talking Machine Co.* (C.C.A. 2nd), 154 Fed. 58, 60 (applnts.’ Bf. 40-41).



These cases will be considered in connection with the contention of the appellants set forth under next section "D," (applnts.' Bf. 41).

#### REPLYING TO SECTION D

**"One Who Sells an Ordinary Article of Commerce Susceptible of Innocent Use Unconnected with the Product of a Patent, Without Intent to Contribute to the Making of the Patented Product, is not Guilty of Contributory Infringement and is not Liable Even Though the Purchaser Uses the Article in Bringing About an Infringement." (Applnts.' Bf. 41.)**

Under this heading appellants are trying desperately to convince this court that the soya bean flour specially prepared for a glue base, the fundamentally distinguishing element of the patented combination of the patent in suit, is only "an ordinary article of commerce." This is the same contention which they urged upon the Trial Court, and relative to which the Trial Court held squarely against them, stating (R 154):

"The foregoing is sufficient to show contributory infringement on the part of these defendants and to take the case out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe. The stipulation and letters show that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions. *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80

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Fed. 712, 721-723; *Electro Bleaching Gas Co. v. Paradon Engineering Co.*, 12 Fed. (2d) 511, 513; *Trico Products Corporation v. Apco-Moseberg Corporation*, 45 Fed. (2d) 594, 599; *Walker on Patents*, 5th Edition, Sec. 407."

In connection with the argument of the appellants that soya bean flour is but "an ordinary article of commerce," appellee wishes it to be noted that appellants did not show any invoices for sale of soya bean flour for any alleged "innocent use"—much less any such sales for which it received its price as stated in its letter, of \$70.00 for less than car load lots, and \$65.00 for car lots on the grade of 100 mesh—its price for flour of glue making character. Also the attention of the court is called to the fact that the record does not show any proof of a single sale to anyone of soya bean flour in large quantities for any use other than as a glue base. Could they not well have supplied invoices of the company to whom such sales were made, and clearly establish the fact?

Surely this court can state exactly as did Circuit Judge Taft in *Thomson-Houston Electric Co. v. Ohio Brass Co.*, (Supra), 720:

"The catalogue of the defendant shows that it is offering for sale to the public *without restriction* the switch and trolley to be used as part of the equipment of an electric street railway. Defendant has not shown, and we infer from the evidence that it cannot be shown, that either the switch or trolley and harp can be used

in an electric railway except in the combinations described and claimed in the two patents here in suit. \* \* \* The description of the article sold by the defendant in its catalogue is that of an 'under-running adjustable switch,' and it is said to make a perfectly straight under-running approach for the trolley wheel. It is apparent that the switch plate has no *practical utility* except in such an arrangement of parts as that stated in the third claim. \* \* \* The evidence sufficiently shows that neither the trolley nor the harp is adapted to be used on electric street railways except in the above combination. *Purchasers buy articles for practical use*, and would only buy the switch and trolley, therefore, for use in complainant's patented combinations. One is legally presumed to intend the natural consequences of his act. Hence the defendant, in offering the switch and trolley for sale to the general public, may be reasonably held to intend that they should be used in combinations in an electric railway covered by the claims of complainant's patents."

Certainly appellants have gone much further in the present case. They not only did not sell with any restriction, but specifically solicited and urged glue manufacturers (R 104-108) to use in a glue composition, the soya bean flour,—all this that they, appellants, might benefit by a market for the new glue base of the new industry established by appellee.

When it is considered that all this demand for soya bean flour came about suddenly, it shows that appellants were well aware that they were entering a new business, as it admits that the product was a "comparatively new commod-

ity.” This court, in view of the very facts admitted by the appellants themselves, has a comparatively easy case.

A part of the title “D” includes the phrase “Without Intent to Contribute to the Making of the Patented Product,” and appellants contend that their intent was not shown by appellee. This same contention was made in the *Thomson-Houston Electric Co. v. Ohio Brass Co.* (supra), p. 714:

“\* \* \* The first (of two principal objections) was that there was not any proof of actual infringement or of an intention to infringe the combinations covered by the claims set forth in the orders of injunction appealed from.”

As respects this Judge Taft wrote, p. 722:

“\* \* \* It is said that no concert of action by defendant with any one for the purpose of accomplishing an infringement of complainant’s patent rights is shown. As already stated, it does appear that defendant is offering for sale articles that can only be used in combination covered by complainant’s claims. This is an effort to secure a concert of action by which the combination of complainant’s patents may be assembled. If successful, infringement will follow; hence the preliminary steps which are intentionally taken to bring about the injury may be enjoined.

In considering the same point in *Wallace v. Holmes*, 29 Fed. Cas. 79, Judge Woodruff said:

‘Here the actual concert with the other is a certain inference from the nature of the case, and the distinct efforts of the defendants to bring the burner in question into use, which can only be by adding the chimney. The defendants have not, perhaps, made an actual pre-arrangement with any particular

person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done'."

Despite the express language of this extract, appellants continue to urge their contention of appellee's failure to prove facts which amount to a prearrangement. In other words, they insist that the appellee must show facts amounting to a prearrangement between the appellants and the direct infringer, although the court clearly stated in the said extract:

"\* \* \* The defendants have not, perhaps, made an actual prearrangement with any particular person to supply the chimney to be added to the burner; but every sale they make is a proposal to the purchaser to do this, and his purchase is a consent with the defendants that he will do it, or cause it to be done'."

In the next paragraph the court made the suggestion that the defendant had the right to sell parts to be used in complainant's combinations to the licensees of complainant and the court made this contention as follows:

p. 723. "\* \* \* It being established that defendant is offering for sale articles, intending them to be used in combinations which, if unlicensed by complainant, would be infringements of complainant's patents, we think that it is the duty of the defendant to see to it that such combinations which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. We are unable to see why any different rule should be applied in such a case from that

applicable to a case in which a defendant makes a patented machine to order. He may make such a machine upon the order of the patentee or a licensee, but not otherwise."

As respects the use of carbon bisulphide and caustic soda under the patents in suit, there can be no question but that the appellants were at all times, since the institution of the Johnson suit, March 27, 1928, concerting with the Kaseno Products Co. in the manufacture of the infringing product under the Johnson patent. There can be no question but what the soya bean base is the adhesive base which appellants furnished the Kaseno Products Co. for use in any or all of the adhesives or glues which they might manufacture. Linquist admits that the Kaseno Products Co. did manufacture and so sell caustic soda and carbon bisulphide glues. The very adhesive base with which these caustic soda and carbon bisulphide glues were made, and without which they could not have been made, was furnished to the Kaseno Products Co. for the express purpose of making their glues, whatever those glues might be, and it will be further noted, as an indication and proof of their concert of action, that they did not cease furnishing such adhesive base for the making of caustic soda and carbon bisulphide glues after the commencement of the present suit. They persisted in the same conduct as they did in the Johnson suit, even up to the day of the granting of the injunction by the Trial Court on July 11, 1932,

and yet they would tell this court that they were innocent sellers of an ordinary article of commerce. Appellants make the plea that they should be relieved of all liability, because they did not know what chemicals the Kaseno Products Co. was using with the product which they supplied to said company. They supplied the soya bean flour adhesive base for the glues which that company was making in competition with appellee and the only possible glue that could thus compete was a caustic soda, carbon bisulphide, soya bean flour glue. If they had not made such a glue, they never would have used the glue base furnished by appellants, and appellants would thereby have lost their market.

Replying to the citation of *Leeds & Catlin Co. v. Victor Talking Machine Co.*, 154 Fed. 58, 60 (applnts.' Bf. 41):

The statement of the extract quoted by the appellants from the case is *obiter dictum*, the court being careful to point out that the records, which were the articles sold by the defendants in the case under consideration, were not "staple articles of commerce."

The court did hold the defendants in the Leeds case as contributory infringers. On the same theory appellants in this case should be held, for the appellants sold its glue base to the Kaseno Products Co., the direct infringer, with the intent and purpose that such glue base should be used for the making of all of the company's soya bean glue, regard-

less of wheher it was "Johnson," "caustic soda" or "carbon bisulphide," after full knowledge of the patents in suit.

Answering *Rumford Chemical Works v. Hygienic Chemical Co. of N. J.* (D.C.), 148 Fed. 863 (C.C.A 3rd); 154 Fed. 65; 215 U. S. 156; 54 L. Ed. 137 (applnts.' Bf. 42):

In ascertaining fully just what was decided in this case, it is necessary to know about the companion cases of which there were several. These have been discussed at length in the brief of appellee in Cause No. 7083, and since the case has no particular relevancy in the present suit, the various companion cases will not be rediscussed. Suffice it to say that the particular case cited by the appellants was decided on a point of exclusion of evidence, and the extract quoted by them is *obiter dictum*.

In the companion case of *Rumford Chem. Wks. v. Hygienic Chem. Co. of N. Y.*, 159 Fed. 436 (C.C.A. 2) (54 L. Ed., 137), the court stated (438):

"\* \* \* It is, therefore, the use of such powder which constitutes infringement and when a manufacturer of acid phosphates sells a manufacturer of baking powder a barrel of granular acid phosphate the *presumption is not unfair that he expects it to be used for baking powder*. There is testimony tending to show that 'special' phosphate is specially adapted for use in making baking powder."

Likewise here when the appellants sold a special soya bean flour product to a glue company, it cannot be unfair



to hold that they intended the product to go into the infringing glues, and that over a period of years. In the instant case 150 tons per month were made and sold by appellants, whereas in the above case there was involved the sale of only 1 barrel.

Replying to the *Keystone Bridge Co. v. Phoenix Iron Co.* case, 95 U. S. 274; 24 L. Ed. 344 (Applnts.' Bf. 43):

There was not a direct infringer; of course there could be no question about a contributory infringer. Surely the appellants are hard pressed when they must cite a case of the character of the one under discussion, in which the Supreme Court has held that there was no direct infringer, and refused to consider the point on which the court decided the case in the court below, and for the point for which the appellants have cited the case to this court.

Replying to the case of *Lane v. Park*, 49 Fed. 454 (applnts.' Bf. 44):

The defendant in this case did not make and did not sell the completed mould-boards. All it did was to sell the metal blanks, which, by virtue of the correspondence with the Patent Office, were actually disclaimed by the patentee as being his invention and not within the scope of his claims. The court held this sufficient for it to hold no contributory infringement.

This was a District Court case, and the Shepard's Citorator does not show that the case was ever cited as a reference relative contributory infringement, and was never cited but once for any purpose.

Replying to the citation of *Edison Electric Light Co. v. Peninsular Light, Power & Heat Co.*, 95 Fed. 669, (applnts.' Bf. 45): This case is readily distinguishable from the facts in the present case. In the first place, respecting the charge that one of the defendants in that case, the Lowell Company, was a contributing infringer in that it sold *electricity* to the other defendant, Peninsular Light, Power & H. Co., who in turn sold electricity to the Livingston Hotel, in which hotel was constructed a certain light system embodying the patents in suit, the court clearly points out in the middle of page 673 that there was no particular knowledge on the part of the Lowell Company that the electricity was to be sold to the Livingston Hotel for use by the hotel in the apparatus in question. So far as the Lowell Company is concerned, the case is therefore readily differentiated by reason of the fact that it may be considered as a *jobber* who sells to a *retailer*, who, in turn, sells to a *user* who proceeds to infringe without any showing that the jobber intended the article sold to be used in any infringing way, said article being of a general merchandise character and not particularly adapted for use in the infringing use. Since Lilly sold directly to a glue manufacturer *for purposes of making a glue*, it is in no sense re-

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mote from the infringing act as was the Lowell Company. Lilly *directly* and intentionally supplied the material to the Kaseno Products Co. to be used in a glue composition, well knowing that it was to be so used, and specially grinding to a particular degree of fineness the material to be so used, thus coming within the very cases excepted and differentiated by the court in the cited case where the article sold was definitely adapted for the use in the infringing combination, such differentiating being given on page 673 as follows:

“\* \* \* for in those cases not only was the thing furnished *peculiarly adapted* to the infringing use, but the court found, as matter of fact, that there was a wrongful purpose on the part of the contributing defendant that the article supplied should be so used. \* \* \*”

In the case at bar the Trial Court found there was a wrongful purpose (R 154).

Next, as to the other defendant in the *Edison Electric Light* case, namely, the Peninsular Light, Power & H. Co.: The decision here involved an extended discussion of the question of whether or not the hotel company had an *implied license* to use the lighting system embodying the patents in suit. There is no question of any such implied license being present in the present suit before this court. Therefore, the discussion as to the Peninsular Light, Power & H. Co., defendant, is not in point, the court clearly holding that there was such an implied license. The appellants Lillys make no showing, or even any claim whatsoever that

there was an implied license involved in the present suit, and hence, it is believed, no further discussion of the citation is necessary.

The attention of the court is respectfully called to the fact that the extract of the appellants is taken from the opinion of the District Court report of the case, and is pure *obiter dictum* of the District Court. The ground on which the District Court decided that the Peninsular Light, Power & H. Co. was not liable, was that the hotel company, which purchased the electric power from said Peninsular Company, had an implied license to use the apparatus of the patent in suit with electricity furnished by any party.

The court's attention is called to the fact that this case was appealed to the Circuit Court of Appeals, 101 Fed. 831 (C.C.A. 6), and the decision of the lower court was sustained entirely on the ground that the hotel company had an implied license to use the apparatus with electricity purchased from any party. The court expressly stating, p. 837:

“\* \* \* If it was intended that so expensive an apparatus could be utilized according to the methods of the patents under which the vendor was operating only so long as the vendor should supply the current, good faith required that the vendees (hotel company) should be plainly so informed. It cannot be doubted but that the vendees understood they were securing a permanent wiring system, which might be used in combination with a current obtained from any source, delivered to the house wires in such manner as to utilize them to the

best advantage. It would be most unreasonable to suppose that in order to continue the use of this, the very essence of the Edison inventions, they must continue to take current from a particular source. \* \* \*

Clearly, this reasoning is far different from that of the *obiter dictum* extract set forth by the appellants. Since the facts of the case are so different from those obtaining in the present case, it is not thought necessary to consider them further.

At any rate, it is not believed that the *obiter dictum* statements of the District Court correctly state the law in the 9th circuit, where a decision very much to the contrary is found in *Ersted v. Willamette Iron & Steel Wks.*, 28 Fed. (2d) 960, *supra*, p. 48.

Moreover, Judge Severens, who was the district judge in the *Edison Electric Light v. Peninsular Light, Power & Heat Co.* case, when he became circuit judge, held as follows in *Canada v. Michigan Malleable Iron Co.*, 124 Fed. 486, 489 (C.C.A. 6):

“\* \* \* The case is not like one where the thing made is also adapted to use in other ways. It would be wholly inadmissible to shut out the manufacture or sale of things adapted to a proper and lawful use. That would interfere with the rights and privileges of the public. *But it has been held that, even in that case if it were proven that the thing, although adapted to other uses, was nevertheless intended by the seller to go into, and contribute to, the infringement by another, the furnisher could not escape the consequence of the infringement.*”

*ment. Heaton Peninsular Button Fastener Co. v. Eureka Specialty Co.*, 77 Fed. 288; 25 C.C.A. 267; 35 L.R.A. 728; *Edison Electric Light Co. v. Peninsular Light, etc., Co.* (C.C.), 95 Fed. 669, 673, affirmed in 101 Fed. 831; 43 C.C.A. 479. The test in all cases is whether the facts show an *actual participation in the wrongful act complained of. We cannot resist the impression that upon the application of this test the defendant must stand upon the same footing with the party who completes the infringement by adding the other element necessary to the completion of the former. \* \* \**

This shows a different conception of the law relating to an ordinary article of merchandise, and that a party who sells a thing, although adapted to other uses, is nevertheless, to be held as an infringer, if he intended the thing to go into and contribute to the infringement consummated by another.

Also in *Dental Co. of America v. S. S. White Dental Mfg. Co.*, 266 Fed. 524; (C.C.A. 3), where the defendant relied upon the *Edison Light Co. v. Peninsular* (C.C.), 95 Fed. 669, 674; the court held, p. 525:

“\* \* \* But the defendant says even so it did not infringe because it made but one of two parts of the tooth, and because the part it made was as susceptible of innocent use as it was of guilty use. *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, 723; 26 C.C.A. 107; *Winne v. Bedell* (C.C.), 40 Fed. 463; *Edison Light Co. v. Peninsular* (C.C.), 95 Fed. 669, 674. Even if this were true, the facts of the case show but *one actual and intended use* of the facing made by the defendant and that was its use with a backing made by another manufacturer, afterward put together and

sold by the latter, thereby justifying to this extent the plaintiff's charge of contributory infringement against the defendant.

The evidence establishes, we think beyond valid dispute, that the defendant made what a mechanic would term the female facing of a tooth, under contract with a dental manufacturer that made the male backing, and that the two parts when later put together made a complete tooth within the terms of the patent as we construe it. If the tooth with such facing and backing and correlative locking means was the tooth of the patent, the defendant contributed to infringement by making one element with intent that it should be united with the other elements, though later united and completed by another person. *Leeds & Catlin Co. v. Victor Talking Machine Co.*, 213 U. S. 325; 29 Sup. Ct. 495; 53 L. Ed. 805. *For such act it must answer in a suit instituted in the jurisdiction where it committed its part of the infringement and had a regular and established place of business. \* \* \**"

Replying to the citation of *Rupp & Wittgenfeld Co. v. Elliott* (C.C.A. 6th), 131 Fed. 730, 732 (applnts.' Bf. 48): This case represents that type of case wherein the patented machine was not sold, but placed in the hands of the users (p. 730):

"\* \* \* under a license to use only in connection with staple wire purchased from the patentee. Every machine carries a metal inscription indicating that the patentees retain the title, and consent only to this restricted use. \* \* \*"

In this type of case the particular article may form no part of the patented combination. However, the sale by one

other than the patentee with knowledge of the license restriction to the licensee of staples, has been held a contributory infringer. Manifestly, this type of case goes even further with contributory infringement than where the defendant is supplying a distinguishing element of the patented combination. It should be emphasized that the case was disposed of upon a demurrer on the part of the defendant who was charged with supplying the staples to a licensee who had agreed with the licensor to buy no staples except from the patentee. Naturally, on demurrer the court referred to the allegations of the bill of complaint to obtain the facts, which on demurrer were admitted to be true. The extract of the appellants on page 49 with the italicized part, refers to allegations in the bill of complaint, where the particular defendant in the case was charged with selling to the users with the express intent that the same shall be used in violation of the license restriction. It is only, of course, common practice for the allegations of the bill of complaint to be as full and positive and complete as possible. But surely such allegations do not constitute a proper definition of the law, and it is submitted that such extracted statement from the case is not helpful to this court.

Because in a particular case a defendant could be rightly charged with all of the averments, surely does not mean that such averments may be considered as a true general state-



ment of the law on the particular subject in hand. Attention is directed to the fact that the bill further avers that, to quote the court: (p. 733)

“\* \* \* But to still further strengthen this certain inference, the bill adds that some users of the machines ‘have purchased wire from the defendants, supposing and believing it to be the genuine wire furnished by the Elliott Machine Company’.”

Certainly this statement relating to unfair trade is not necessary in defining “contributory infringement”—at least appellants have not cited any such authorities. Accordingly, it is submitted that the averments of the bill of complaint against a particular defendant admitted on demurrer, cannot be taken as a true general statement of the law on contributory infringement.

With respect to the extract from the opinion of the court quoted on page 49, appellee contends that the soya bean flour, like the wire, was specially adapted for the infringing use, and that it was so adapted with the intent and purpose that it should be so used in a glue composition, which constitutes contributory infringement.

With respect to the cases listed without comment in appellants’ brief, p. 50, the answer to the same will be abbreviated.

Relative to *Cary Mfg. Co. v. Standard Metal Strap Co.*, 113 Fed. 429 (D. C.):

The court did not find there was *direct infringement*. Surely this is not the present case—the Kaseno Products Co. have been held to infringe.

Relative to *Robbins v. Aurora Watch Co.*, 43 Fed. 521 (D.C.): Two patents were involved, one of which defendant was held to infringe, and the other, Colby patent, he was not. This patent refers only to the locking device in the stem-arbor of a watch. The proof showed

p. 527: “\* \* \* affirmatively that the defendant only manufactures the movements of watches; that it has never made any watch-cases, and has never made any stems or pendants with this locking device; and the complainants admit that the only ground for holding the defendant liable upon this Colby patent is that it is a contributory infringer, inasmuch as its movements are adapted to be used with the Colby pendant, or stem-locking device. I think it is an abundant answer to this claim that the defendant’s movement is adapted to be used with any watch which has the stem-arbor not directly connected with the stem-winding and hands-setting trains. Several such stem-arbors are shown in the proofs. \* \* \*”

This statement of the court exhibits a state of facts surely far afield from those in the present case.

Relative to *Standard Computing Scale Co. v. Computing Scale Co.*, 126 Fed. 639 (C.C.A.): The patent related to scales. The court held (653):

“\* \* \* Testimony was introduced by the appellant which it claims is to the effect that it does not make

any adjustment itself, but makes and sells its scales with provision for such adjustment as the purchaser sees fit to make, and we are not referred to any evidence conflicting with this. Of course, if it made or sold scales having peculiar provision for the intended incorporation therein of a valid patented device of the appellee, it would be liable as a contributory, if the expected incorporation should thereafter be made by another. But if it makes or sells scales having simple adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee. But we need not decide this question of fact. Assuming for the present purpose that the Mellinger patent in some of the claims shows a patentable improvement of the McNeill invention, we do not find that the appellant makes use of such improvement. \* \* \*

Thus the court clearly points out that if the defendant made scales having peculiar provision for incorporating therein a patented adjusting element, it would be liable as a contributory infringer, if the expected incorporation thereof should be made by another. It is respectfully submitted that this is precisely the situation of the appellants herein. Lilly Co. made and refined the soya bean flour for the express purpose of its being joined with other constituents to make a glue, and the expected incorporation and joining has taken place, because the court has held that the Kaseno Products Co. was an infringer. The court continued and said:

“\* \* \* if it makes or sells scales having simple adaptations for a proper adjustment, such as was known in the art, it would not be liable if another person should of his own volition put into the scales a form of adjustment patented by the appellee. \* \* \*”

It will be noted that the court said “for a proper adjustment, such as was known in the art.” The soya bean flour, on the other hand, as the base for a glue composition, was not known in the art, and the court so held in holding the patent in suit valid and infringed. Therefore, this authority cited by the appellants themselves is authority establishing the appellants as contributory infringers.

Relative to *Cortelyou v. Charles E. Johnson & Co.*, 145 Fed. 933 (C.C.A.): This case is one of a type like the *Button Fastener* case where the machine was supplied to the user with the restriction that the user was to buy its ink from the owner of the patent. That is, to a type of case where the defendant did not supply an element, let alone a distinguishing element, of the patented combination. The court held that the complainants

p. 935: “\* \* \* have not shown sufficient notice of the terms of the license agreement to bring them within the law of the *Peninsular* case.

\* \* \*

p. 936: The proof shows that it made six sales in all of stock ink to be used on neostyles, but it also appears that there were a number of machines in use at the time of defendant's sales which were sold free from all re-

strictions and there is no proof, except in one instance, that there was a 'license agreement' on the machine at the time of the sale by defendant, much less that the defendant knew of the agreement. In no instance did the defendant *solicit the sale; it merely booked orders received.* \* \* \*"

Note well the court says the defendant did not *solicit* the sale, but merely booked orders *received*. Surely this contrasts decidedly with the situation in the present case where appellants frankly admitted that they solicited the sale of soya bean flour from glue manufacturers all across the country (R 231).

Replying to the last case merely listed in appellants' brief, p. 48, *Handel Co. v. Jefferson Glass Co.*, 265 Fed. 286, (D.C.): The patent relates to lamp shade holders. The Jefferson Glass Co. is alleged to have sold to the Jefferson Company:

p. 287: " \* \* \* the plain crystal or opal blank (shade) as it comes from the mold,' which it takes in its unfinished state, finishes, decorates, and fits to the lamp unit which it sells. \* \* \*"

Thus, this is another case of the sale of a blank, and the blank in this case was for a shade, while the patent was for a holder. The court decided this part of the case entirely on the ground that there had been no evidence showing that the Jefferson Glass Co. acted, p. 287:

" \* \* \* in direct collusion and interest with another for the purpose of adjusting to such shade the patented

holder and selling it, so adjusted, as a finished product.  
\* \* \*”

It is not seen how the citation of such cases, with facts so different, can be of any assistance to this court in deciding the issues of the present case.

**REPLYING TO APPELLANTS’ BRIEF 50, SECTION “E,”  
HEADED:**

**“Where The Charge Of Contributory Infringement Is Based Upon The Furnishing Of An Essential Part Of A Patented Combination, And The Part Furnished Is Susceptible Of An Innocent Use, Plaintiff Has The Burden Of Affirmatively Proving An Intent That The Part Furnished Should Be Used In An Infringing Way.”**

Under this heading, page 50, appellants employ the phrase “guilty knowledge and intent.” It is submitted that the cases do not use this phraseology, and wherever such language is used in the appellants’ brief, it is submitted that it is inaccurate, and without any foundation in the authorities.

Appellants attempt to make an infringer a criminal rather than a *tort-feasor*.

Relative to the extract from 48 Corpus Juris, p. 360: Attempts of text book writers to state all inclusively definitions of principles of law, it is submitted, are not to be relied upon apart from the cases. Most of the cases found in the

above statement from Corpus Juris extract have been cited either by the appellants or appellee herein. It is considered that a detailed statement of the cases themselves is more helpful to the court than a discussion of the resume of the text book writer.

Appellants cite the *General Electric Co. v. Sutter*, 186 Fed. 637, (applnts.' Bf. 51), in support of the extract from Corpus Juris. This case involved a patent for electrical distribution, and the defendant was charged as a contributory infringer for supplying to the Allegany County Light Co. four transformers on a single order. The court stated (638):

“\* \* \* the transformers were adapted to other and lawful uses besides the use the Light Company made of them. \* \* \*”

To make the extract fully intelligible, the balance of the paragraph should be given. Immediately after the words “has not been met,” with which the extract ends, the court continued:

“\* \* \* In the first place, the Transformer Company never made such transformers before this order, and *does not contend for a right to do so*. It only undertook to build them to aid in the rapid installment of an amusement park. It knew of the existence of these patents, and the complainant itself by its proofs showed a noninfringing intent on the part of the respondents. Thus complainant's witness Sutter who was a partner in the respondents' firm, testified:

‘A. The question of three-phase-two-phase operation came up, and I told the purchasers' engineer that

we would not supply transformers to him to use in such a manner as to infringe any patents for such a system of operation, and my recollection is that he advised us that the transformers would not be used in a manner to infringe any patents. I may say here that it was of the utmost importance to the purchaser to secure these transformers as quickly as possible, as they had contracted to light the park or supply them current by a certain date, and we were the only company which could make delivery in time to enable the purchaser to carry out the contract. We did no business with this purchaser for a number of years prior to this time, and we felt that they came to us for these transformers by virtue of necessity, as their purchases in this line heretofore, I believe, were made almost exclusively from the General Electric Company and occasionally from the Westinghouse Company.' \* \* \*"

The court expressly mentioned in the part omitted by the appellants that the alleged infringer "does not contend for the right to do so," i.e., supply such transformers. This fact is far different from the one in the present case where appellants on the other hand do contend for a right to continue their infringing conduct, and said appellants have declined from the very beginning and all during the trial to discontinue their infringing acts with respect to the patents in suit, and have only stopped when enjoined by the court from supplying the soya bean flour to glue manufacturers. Note well the court also called attention that this was a single sale, whereas in the present case the sales have continued over a period of years, and even after liti-



gation was started. Surely here there has been shown no immediate emergency where the material was sold in one instance only. The facts stated by the court in the cited case are far afield from those obtaining in the present suit, and the purport of the court's remarks is that under the circumstances of the present case the party would be held contributory infringers.

Replying to the extract in *Whitney v. New York Scaffolding Co.* (C.C.A. 8), 243 Fed. 180, 184, 185, applnts.' Bf. 52: The patent was for a scaffold hoisting device. The next sentence in the first paragraph after the extract is:

“\* \* \* There is no evidence in this case that Whitney ever made or sold a hoisting machine of the type of the Little Wonder which was fitted for or intended by him for use with an unfastened putlog. \* \* \*”

The court then discusses in detail why the Little Wonder, the alleged infringing device, did not infringe, and stated, p. 185:

“\* \* \* And as, even in the case of a hoisting machine consisting of a U-shaped frame and a drum and means for its operation rotatably supported upon the vertical sides thereof, the freedom of the putlog, when in use, from any fastening, and the intended use of the machine broadside to the wall, were deemed essential to infringement, the evidence in this case fails to convince that Whitney ever had any intent or purpose to make or sell the Little Wonders to aid any one in perpetrating such infringement. \* \* \*”

In view of such facts, clearly the construction of the alleged infringing device itself showed that it was not adapted to fit into the patented combination. Also the court stated that there was another reason for not holding the defendant's structure as an infringement, namely, that two of the essential elements of the combination were absent, p. 185.

**REPLYING TO THE CONTENTIONS SET FORTH IN SECTION "F," HEADED:**

**"Soya Bean Flour Is A Standard Article Of Commerce And Is Susceptible Of A Number Of Different Uses" (Applnts.' Bf. 52).**

Answering the contention that other concerns in the City of Seattle were milling soya bean flour: What of it, so long as the soya bean flour was for glue purposes, since it has been established that Laucks was the first to introduce soya bean glue (R 199). There is nothing in said statement showing that any of these concerns were manufacturing soya bean flour prior to the establishment of the new soya bean glue industry by appellee. So, therefore, this in nowise argues that soya bean flour was a staple or standard article of commerce. The lack of any significance of this statement is apparent when it is noted that all these parties may have been sending all of their output to Laucks, and "Appellant Lilly Co." states in its letter (R 107), that it understood that Laucks was handling hundreds of tons of this soya bean flour each month. Action

speaks louder than words, and if they had not been supplying their entire output to Laucks, they would find themselves defendants along with the present appellants.

With respect to the statement in appellants' brief, p. 53 that finely ground soya bean meal was used extensively for fertilizer purposes and as feed for stock, it is submitted that the record does not support the claim that *finely ground* soya bean meal was used as fertilizer, but only that soya bean residue cake, or at least meal, was used for fertilizer.

Up to this point, a large part of the contention, in fact for the most part, of the appellants has been that their sale of the soya bean flour has been that of an ordinary article of commerce. They have emphasized those statements in the authorities which distinguish a product that is specially adapted for use in an infringing combination from that of the ordinary staple or standard article of commerce used for a great variety of purposes apart from any patented combination. However, the above evidence, and particularly the admission by the "Appellant Lilly Co." itself that the article was "a comparatively new commodity," absolutely defeats, it is submitted, any contention which they have made on the basis that the soya bean flour, which was sold for glue purposes, was an ordinary article of commerce.

The whole tenor of "Appellant Lilly Co.'s" testimony and the whole tenor of the defense of appellants in the Trial

Court, was likewise that they were only interested in selling a staple or standard article of commerce. However, they failed to establish this contention, and the Trial Court held (R 154) squarely against them on this fact.

Thus on the question of fact, since the Trial Court had before it the witnesses, including "Appellant Lilly," and had before it the exhibits, and had the advantage of judging the demeanor of the witnesses on the stand during a long and extended trial, the Trial Court has found that the soya bean flour was not "an article of commerce having ordinary uses unconnected with the product of the patent," and it is not believed that the appellate court will reverse the Trial Court on this question of fact.

**REPLYING TO APPELLANTS' SUB-DIVISION "G—Soya Bean Flour Has Been Used Extensively In Making Non-infringing Soya Bean Adhesives" (appellants' brief 54):**

We respectfully direct the court's attention to the fact that there is nothing contained in the assignment of error which would direct the attention of either the Trial Court or counsel for the appellee to the fact that any such argument as this would be raised or any such alleged error of the Trial Court would be urged. In other words, there has been an entire failure on the part of the appellants to comply with rules 11 and 24 of this court. If appellants had intended to rely upon this argument, it would have been incumbent upon

the appellants to have directed the attention of the Trial Court to this contention either by way of a proposed finding of fact or by an exception, setting forth specifically this contention, and there should have been an assignment of error based directly upon this contention, so that the attention of the Trial Court might have been called to the proposed error or so that counsel for appellee might have been enabled to put into the record the evidence introduced at the trial and upon which the Trial Court based its decree.

We respectfully submit to this court that there is not one word contained in the Transcript of Record up to the time appellants' brief was served which would have put counsel for appellee upon notice that any such contention was to have been raised.

For the above named reasons we submit that sub-division "G" should be entirely disregarded as a subject matter for review.

As so well stated by Judge Sanborn in *Sovereign Camp of the Woodmen of the World v. Jackson*, 97 Fed. 382, C.C.A. 8th, 1899:

"Did this assignment 'set out separately and particularly each error asserted and intended to be urged'? Did this specification 'state as particularly as may be in what the decree is alleged to be erroneous'? It stated nothing more than that the decree was erroneous because it was for the wrong party. \* \* \*

None of the errors asserted in the argument, none of the questions of law or fact therein discussed, are pointed out in this assignment particularly or at all. \* \* \* Statement and discussion in the argument of the questions to which we have referred demonstrate the fact that a more particular statement of errors in the decree might have been made than was contained in the assignment, because such a statement was made in the argument. \* \* \* Assignment and specifications of error were required for the purpose of informing the court and counsel for the opposing party what questions would be presented for consideration and review in the Appellate Court. An assignment which fails to point out these questions \* \* \* one which compels court and counsel to look further and to search the brief in order to discover them entirely fails to accomplish the purpose of its being, and is utterly futile. \* \* \* They suggest none of the questions of law or of fact which the argument contained in the brief presents for our consideration.”

This law is so well settled by authorities subsequent to the enactment of rules 11 and 24, C.C.A., that we deem further citation of authorities unnecessary.

In the cited case the appellants actually did make assignments of error but the court held that those assignments of error were too general to constitute a proper basis for the character of argument submitted in the brief, which condition we respectfully submit prevails here as to sub-division “G” above referred to.

Without waiving our objection and specially reserving our objection to its consideration by the court, we will

nevertheless attempt as best we may to proceed to answer the argument by counsel for appellants, even though the statement of facts does not present the evidence contained in the original record as the same was submitted to the Trial Court.

In the "Johnson" brief we clearly pointed out that every formula that Kaseno Products Co. used, as shown by the printed record, was an infringement of claims 3 and 7 of the "Johnson" patent, because every formula used soya bean flour plus sodium fluoride and lime, or equivalents of sodium fluoride and lime, and therefore all the soya bean glue manufactured and sold by Kaseno Products Co. up to the date of trial infringed claims 3 and 7 of the "Johnson" patent. That the chemicals that Kaseno Products Co. did use with their soya bean flour were equivalents of sodium fluoride and lime was proven by appellants' expert chemical witness Wood (R 264-267). Every ton of soya bean glue which the Kaseno Products Co. sold was an infringement of claims 3 and 7 of the "Johnson" patent.

It is true that the record does show that Kaseno Products Co. made soya bean glues without using caustic soda as such and that they did make some soya bean glues without using carbon bisulphide, either directly or indirectly, but the fact still remains that during the time that Kaseno Products Co. admittedly did use caustic soda as such and carbon bisulphide with their soya bean glues, however at the same time

infringing claims 3 and 7 of the "Johnson" patent, that the appellants were at all times furnishing the adhesive base with which these glues were manufactured. In other words, every ton of soya bean glue that Kaseno Products Co. sold from the time they started to make glue, back in 1924, down to the trial, and even down to the granting of the injunction on July 11, 1932, were glues all of which infringed claims 3 and 7 of the "Johnson" patent, and perhaps a greater portion of which infringed the "Caustic Soda" and "Carbon Bisulphide" patents as well.

Under this argument appellants hoped to escape their liability as infringers, saying there were non-infringing uses of the soya bean flour which they sold to Kaseno Products Co. This argument is fallacious and unsound in this—that all the adhesive base they sold Kaseno Products Co. was used in an infringing manner. All of it infringed the "Johnson" patent; part of it the other two patents. As to what portion may have infringed the "Caustic Soda" patent and what portion thereof may have infringed the "Carbon Bisulphide" patent is a matter to be determined on the final accounting and does not affect the decision of the Trial Court that the appellants were guilty of aiding and abetting the Kaseno Products Co. in the manufacture of its glues that did infringe the "Caustic Soda" and "Carbon Bisulphide" patents. The appellants did have knowledge of the existence of the "Caustic Soda" and "Carbon Bisulphide" patents be-



cause they were specifically notified in writing on November 16, 1928 (Ex. 34; R 108). They were there notified that they would be held accountable for their infringing acts. They then knew that they had been sued as contributory infringers because of the sale of their adhesive base to Kaseno Products Co. under the claims of the "Johnson" patent. The position of appellants is simply this:

True, we know that we had been sued as contributory infringers under the "Johnson" patent because of the adhesive base we sold to Kaseno Products Co. True, we did receive notice on the 16th day of November, 1928 (R 108), of the issuance and ownership of the "Caustic Soda" and "Carbon Bisulphide" patents, and that we were warned that we would be held accountable for our infringing acts (although counsel for appellants states that "appellants did not know that appellee owned patents covering the manufacture of glue from soya bean flour" (Bf. 68). True, we knew that the adhesive base we were furnishing to Kaseno Products Co. was used by it in making all its soya bean glues (R 231), but we blinded our eyes and deafened our ears so that we could not know whether Kaseno was using our adhesive base so furnished it under either the "Johnson," "Caustic Soda" or "Carbon Bisulphide" patents, and thus keeping ourselves in ignorance, we could then come into court and say "How do we know which patent Kaseno was infringing in the use of the adhesive base we were furnishing it," and therefore, since we did not know, we are not liable.

We believe the above is a true and correct statement of appellants' position. Stripping all of the verbiage and embellishments that counsel for appellants have sought to throw

around themselves, nevertheless, this is exactly their defense to the charge of contributorily infringing the two patents in suit. The mere statement of their proposition is self convicting. They can not play "hide and seek" with a court of equity. They can not thus blind their eyes and deafen their ears to the actual facts and escape liability. After they were sued under the "Johnson" patent and received notice of the patents in suit, then they were charged with the duty of knowing whether or not the adhesive base they were furnishing to Kaseno Products Co. was or was not used in violation of the claims of the "Caustic Soda" and "Carbon Bisulphide" patents. It is no defense to say they did not know. They were charged with the obligation and duty of knowing. They are pleading their defense in a court of equity and a court of equity does not lend a helping hand to guide the confessed wrong doer out of the maze of its wrong doings.

We, therefore, respectfully submit that the record in this case unequivocally proves that the Kaseno Products Co. from the time it first commenced to sell soya bean glues up to the date of trial did not sell a pound of such glue that did not infringe some or all of the three patents in suit. Every pound infringed claims 3 and 7 of the "Johnson" patent and a great portion of the remainder infringed the claims of the "Caustic Soda" and/or "Carbon Bisulphide" patents found valid and infringed by the court. That "Appellant Lilly Co." knowingly, intentionally and for the purpose of having

it so used, did furnish the soya bean adhesive base for these glues—this for their own financial aggrandizement.

It must be remembered that this case was started on February 14, 1929, and certainly on that date appellants knew they were charged with selling soya bean adhesive base which infringed the "Caustic Soda" and "Carbon Bisulphide" patents. They knew they were charged with acting in concert with Kaseno Products Co. to invade the patent rights of appellee. They knew that the Kaseno Products Co. was using carbon bisulphide and caustic soda in the manufacture and sale of its glues. Does the record disclose that even after such suit and notice that the appellants desisted in the sale of their soya bean adhesive base to Kaseno Products Co.? On the contrary, they continued with such sale up to the very date of the granting of the injunction on the 11th day of July, 1932. There has not been one argument submitted by counsel for appellants or one authority cited which could or would relieve appellants from the liability for the sale of their soya bean adhesive base to Kaseno Products Co. after the commencement of this present suit February 14, 1929.

The Circuit Court of Appeals (Seventh Circuit) in the case of *Solva Waterproof Glue Co. v. Perkins Glue Co.*, 251 Fed. 64, at page 73, speaks in the following language:

"Can a manufacturer, by producing a glue base under the conditions of this case; which is not an invention but which may be used, and some of which, the court

finds from the evidence, is intended to be used in a process which is not in itself, but only in combination entitled to patent protection, be decreed guilty of contributory infringement, notwithstanding no attempt is made by the alleged contributory infringer to so use the final step himself, and which glue base can be and is sometimes used to manufacture other commercial adhesives than glue, though appellee uses it for making glue only? We think so, and hold that appellant, the Solva Glue Manufacturing Company, was a contributory infringer of the final product and of the final process. The rule of law in such case is that one who makes and sells one element of a patented combination with the intention and for the purpose of bringing about its use in such a combination is guilty of contributory infringement, and is equally liable with him who organizes the complete combination. *Thomson-Houston Electric Co. v. Ohio Brass Co. et al.*, 80 Fed. 712, 26 C.C.A. 107, \* \* \*." (Citing many cases.)

What is the probative effect of the argument used by appellants that "Appellant Lilly Co." besides selling glue to Kaseno Products Co. has sold glue to other manufacturers located throughout the United States, and that said sales have been made to these people in tons and carload lots? The fact that appellants did sell so extensively their infringing soya bean adhesive base is an unanswerable reason why the Trial Court granted its injunction against them and is the most persuasive and conclusive reason why this court should sustain the Trial Court in the granting of such injunction. The pertinency of the contention that "Appellant Lilly Co.," besides selling soya bean glue to Kaseno Products Co., sold

soya bean glue to manufacturers throughout the length and breadth of the land, is not understood.

Showing such large extent of its sales merely emphasized the widespread activities and magnitude of its operations in invading this new field of industry established by the appellee and shows the positive determination of the appellants, unless enjoined by this court, to continue its piratical conduct.

IN REPLYING TO SECTION "H," headed:

**"Appellee Failed Completely to Prove Any Guilty Knowledge or Intent on the Part of Appellants, While Appellants by Undisputed Proof Showed Lack of Knowledge of Infringement or Intent to Aid in Infringement."**  
(Appellants' brief p. 65.)

On pages 65 to 72 appellants repeat contentions that have been for the most part already answered. Furthermore, the argument under this head bears little change from that contained in the "Johnson" brief and most of it is applicable, if at all, to the "Johnson" patent rather than to the "Caustic Soda" or "Carbon Bisulphide" patents. Inasmuch, however, as it is contained in the brief of appellants in this case, we will not deal with the same at length.

On page 65 appellants state:

"Appellee failed to show that Appellants had any knowledge that Kaseno Products Co. was making an infringing glue."

Such ignorance on the part of appellants is hard to believe. The suit under the "Johnson" patent was started on March 27, 1928. The suits on the "Caustic Soda" and "Carbon Bisulphide" patents were started February 14, 1929. How can it be said that "Appellee failed to show that Appellants had any knowledge that Kaseno Products Co. was making an infringing glue?"

Reference is made to a conversation had with Mr. Laucks on April 19, 1928, after the commencement of the "Johnson" suit (R 229-230), where counsel for appellants say no notice was given to appellants that appellee claimed any rights under any patents. It will be remembered that this is the conversation where Laucks offered to take "Appellant Lilly Co.'s" entire output if it would cease selling to any other manufacturer of soya bean glue, and offered to dismiss the Johnson suit against appellants. "Appellant Lilly Co." refused this proposition, and yet appellants say "Appellant Lilly" had no knowledge that appellee owned any patent rights. If so, why this conference and offer?

We have heretofore directed the court's attention to the history of appellants' connection with Kaseno Products Co. and their supply to Kaseno Products Co. of Kaseno's infringing glue base. We have directed the court's attention to the appellants' statements in the Arabol letters, where they refer to a water-resistant, water-proof soya bean glue which had supplanted casein. There was only one glue made that would

have answered the description given in the Arabol letters, and that was a soya bean base, plus caustic soda, plus carbon bisulphide, as indicated in column 5 of Ex. 128. It is respectfully submitted that in view of the great length at which this matter has been treated, both in the "Johnson" brief and already in this brief, the time of the court should not further be taken. Suffice it to say that the record is replete with proof that appellants knew of the existence of the "Caustic Soda" and "Carbon Bisulphide" patents; that they knew or must have known Kaseno was using both caustic soda and carbon bisulphide, and that they absolutely knew it after this suit was commenced, because here they were charged with contributorily aiding and abetting in such infringement. Nevertheless, appellants continued to persist with their wrongful sale of their adhesive base up to the date of the injunction granted in the Trial Court. We hesitate to longer impose upon the time of the court to deal with such ill-founded statements of fact and conclusions drawn therefrom. An example of such statements being contained in the first three lines, page 68, of appellants' brief.—"Appellants did not know that appellee owned patents covering the manufacture of soya bean flour."—

Another illustration (applnts.' Bf. 69):

"The evidence failed to show that the soya bean flour sold by Appellant Lilly Co. was sold with the intention or for the purpose of bringing about its use in the patented combinations claimed by Appellee."

This statement in the face of the fact that the written stipulation of appellants is that they did sell the soya bean flour to be used as an adhesive base in the manufacture of Kaseno Products Co.'s glues. This in the face of the commencement of the "Johnson" suit approximately one year before the present suit. This in the face of the written notice given to appellants of the existence of the "Caustic Soda" and "Carbon Bisulphide" patents, to say nothing of the conference in which "Appellant Lilly" refused the offer made to him by appellee. This whole argument, under "H," is based, so far as the "Caustic Soda" and "Carbon Bisulphide" patents are concerned, positively upon unsound and fallacious statements of fact.

Again, on page 70, they state:

"The evidence showed without contradiction that they had no knowledge of the patent \* \* \*."

Appellants make statements in the Arabol letters as follows: That this "new commodity," that this "new adhesive base," when manufactured into a glue had entirely supplanted casein in the veneer industry of the Pacific Northwest; that it was a "waterproof" glue and that I. F. Laucks, Inc., was making hundreds of tons of it each month; and that they are selling to one glue manufacturer on the Pacific Coast, who turns out nothing but glue and is using four or five cars monthly (which incidentally was Kaseno Products Co.). Here appellants are referring to soya bean base, plus caustic



soda, plus carbon bisulphide glue, being the glue described in column 5, chart 127, this brief. This is the one and only glue which in 1928 "on this coast" "replaced casein" and was being sold by Laucks in hundreds of tons per month, and the only one, therefore, that did respond to their identification in the Arabol letters. Does it stand to reason that the appellants would be soliciting every glue manufacturer in the United States whom they thought would be interested in buying glue, and yet would not have known something of how this newest, highest type casein supplanting glue was made? It was then known throughout the industry that it was the added carbon bisulphide and the added caustic soda that gave this glue its prestige. There was nothing secret about the addition of caustic soda and carbon bisulphide. They were liquids added at the veneer plants, open to all to know. It was to the same veneer plants that these same appellants were sending samples when it was advised that they wanted to make their own glues. Does it stand to reason that appellants did not know what these veneer plants were doing, especially when these appellants are located in the City of Seattle, the very heart and center of this new glue industry? Does it stand to reason that the appellants were ignorant, as they allege, when they—as old and large a concern as they are—did install new machinery and new equipment to handle the manufacture, and embarked upon a nation-wide marketing campaign of this adhesive base, which they were

selling in carload quantities, without acquainting themselves with:

1. The extent of the possible business in this field;
2. The probability of that demand continuing.
3. The existence of the two distinguishing elements that made this glue what it was, viz., carbon bisulphide and caustic soda? This argument of appellants would almost seem an affront to intelligence.

We respectfully submit to this court that the entire record, relative to the patents in suit, is so clear and convincing as to the knowledge and intent of appellants in the furnishing of the adhesive product to Kaseno Products Co. to be manufactured by the Kaseno Products Co. into a soya bean glue using caustic soda and carbon bisulphide, that there is no occasion for further comment.

#### ADMISSION OF ARABOL MANUFACTURING CO.'S LETTERS (R 104-106)

Error is predicated upon the admission of the Arabol letters in evidence. The objection made to their admissibility was that they were not material. No further objection was made. The objection was by the court overruled. We respectfully submit that the letters speak for themselves. Under the bill of complaint in this cause the appellants were charged with the commission of a continuous tort, a continuous wrong doing. The record is that they persisted in

this continuous wrong doing up until the very close of the trial in 1931. The Arabol letters show the intent of the appellants in the performing and carrying out of their illegal acts. For that purpose the letters were clearly admissible. They were further admissible on the following grounds:

1st—To show the intent of the appellants.

2nd—To show they were endeavoring to induce others to infringe the patent.

3rd—That it is an admission of their wrongful acts.

4th—That it is an admission that the product they were manufacturing as a glue base was new, was specially prepared, specially processed, and specially adapted to the manufacture of an infringing glue from soya bean flour.

#### REPLYING TO THAT SECTION OF APPELLANTS' BRIEF HEADED:

**“Argument Point II—Appellant Wilmot H. Lilly  
Should not be Held Liable in Any Event.”,**

appellants' brief 72, the various cases cited under the sub-heads A and B are from the following circuits: Four from the 7th Circuit, six from the 2nd Circuit, and one each from the 3rd, 6th and 8th Circuits. Six of the cases are D. C. cases. In many of the cases, little discussion as to the merits of the question occurs.

As respects the *American Machinery Co. v. Everedy Machinery Co.*, 35 Fed. (2nd) 526: This is a District Court

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case and was tried in the 3rd Circuit. This case follows the ruling in the 7th Circuit, and no reference is made to the ruling of the Circuit Court of Appeals for the 3rd Circuit, evidently through some error of the court. The ruling of the 3rd Circuit on the matter here involved is set forth in *Hitchcock v. American Plate Glass Co.*, 259 Fed. 948, where the 3rd Circuit Court of Appeals through Judge Woolley stated on page 953:

“When a corporation infringes in obedience to the command of an officer with power to cause the corporation to commit or refrain from committing the infringing act, and when that officer participates in and contributes to the infringement, they are in the eye of the law joint tortfeasors and both are liable, in the same or in different measures according to the circumstances, for the injuries they have jointly inflicted upon the one whose rights they have jointly invaded. \* \* \*”

“\* \* \* that Cruikshank’s relation to it was personal and his dominance over it complete \* \* \*. We find that Cruikshank completely dictated and dominated the business acts of the Glass Machinery Company, including its infringing acts. \* \* \*”

“Appellant Lilly” himself testified (R. 228):

“\* \* \* I have interviewed anyone that I thought might have any use for soya bean flour. \* \* \*”

As respects the law on this subject in the 1st Circuit, we respectfully refer the court to *National Cash-Register Co. v. Leland*, 94 Fed. 502, C.C.A. 1, where the court, speaking through Judge Lowell on page 510 refers to the case of *Belk-*

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*nap v. Schild*, 161 U. S. 10, 16 Sup. Ct. 443, which was a case where the military authorities of the United States were sued for patent infringement for the use of patented devices in their official capacity as officers of the United States Government. The Supreme Court of the United States, as respects the liability of the individual officers, stated:

“\* \* \* ‘though acting under order of the United States, are personally liable to be sued for their infringement of the patent,’ and a plea that the defendants only operated and used the infringing article as officers, servants, and employes of the United States was overruled.  
\* \* \*”

Thereafter, on page 511, Lowell states:

“\* \* \* We are of opinion, therefore, that by the general principles of law, and by analogy with other torts, a director of a corporation, who, as director, by vote or otherwise, specifically commands the subordinate agents of the corporation to engage in the manufacture and sale of an infringing article, is liable individually in an action at law for damages brought by the owner of the patent so infringed. As with other infringers, it is immaterial whether the director knew or was ignorant that the article manufactured and sold did infringe a patent. \* \* \*”

It will be noted that the appellants cited no decision from the 9th Circuit.

As respects the 6th Circuit: The appellants have referred to the case of *D'Arcy Spring Co. v. Marshall Ventilat-*

*ed Mattress Co.*, 259 Fed. 236 (applnts.' Bf. 73). The quotation which the appellants have taken from this case is incomplete, and if the quotation is continued, it will show the exact position of the 6th Circuit, and will show the following, p. 242:

“\* \* \* As to the propriety of making such a managing and directing officer as D'Arcy was a defendant in order that he may be personally bound and enjoined, we have already expressed our approval of the view in the First Circuit, rather than that in the Seventh. *National Co. v. Leland* (C.C.A. 1), 94 Fed. 502, 507, 511, 37 C.C.A. 372; *Cazier v. Mackie Co.* (C.C.A. 7), 138 Fed. 654, 71 C.C.A. 104; *Proudfit Co. v. Kalamazoo Co.* (C.C.A. 6), 230 Fed. 120, 140, 144 C.C.A. 418. For this purpose and to this extent we consider D'Arcy an 'active participant,' within the exception specified in *Western Co. v. Northern Co.* (C.C.A. 6), 135 Fed. 80, 89, 67 C.C.A. 553. If so, he is liable for the costs of the defense which he actively directed. \* \* \*”

Thus the authorities cited by the appellants are confined primarily to the 7th and 2nd Circuits to support their contentions.

In our Circuit we have the case of *Graham v. Earl*, 92 Fed. 155, 157, 160 (C.C.A. 9th), where it is stated:

“\* \* \* We are unable to agree with the opinion thus expressed, that only those persons can be held for damages 'who own, or have some interest in, the business of making, using, or selling the thing which is an infringement.' It is well settled that a mere workman or servant who makes, uses, or vends for another, and under his immediate supervision, a patented article, is

not liable in an action at law for damages which may have been sustained by the patentee by reason thereof. This rule is an apparent exception to the general principle of law which makes all who participate in a tort of misfeasance principals, and liable for damages therefor; and we do not think it should be so extended as to exempt from liability the general manager of a business which infringes upon the exclusive right of a patentee to make, use, and vend the invention protected by his patent. Such an agent, to use a word sometimes employed in the discussion of the law relating to fellow servants, may be regarded as a vice principal, and he should be held responsible in damages for any action of his in the transaction of the business thus placed under his management which is in violation of the rights of another. In this case the plaintiff in error, as the general manager in this state of this particular branch of the business of Armour & Co., voluntarily entered into contracts which contemplated the use of the Kerby device; and we do not think it is at all material that he engaged in this work for a stated salary, rather than reserving to himself a share of whatever profits his principals might make by reason of such unauthorized invasion of rights secured to defendant in error by his letters patent. Upon the facts appearing here, we are clearly of the opinion that the plaintiff in error may be said to have authorized the use of the Kerby device when he entered into the contracts before referred to, and is equally answerable with his principals for damage on account of the wrong thus done to the defendant in error. \* \* \*

*Cramer v. Fry*, 68 Fed. 201, 212, D. C. Cal. This case arose in this Circuit and Judge McKenna expressly refused, page 212, to dismiss the action on the defendant's motion,

“\* \* \* on the first point, to-wit, that defendant is only the agent of the Singer Sewing-Machine Company.\* \*\*”

The principle of holding officers liable is affirmed in the recent case of *Claude Neon Electrical Products, Inc., v. Brilliant Tube Sign Co. et al.*, 48 Fed. (2d) 176 (C.C.A. 9th). The exact ruling being as follows:

“\* \* \* \* The appellees Wallace, Cairns, Christensen, and Beem were the organizers, and are now officers, of the appellee Brilliant Tube Sign Company, and the question of their liability for damages has been discussed in the briefs. That question will be left to the determination of the court below, where other facts affecting their liability may be adduced on the accounting. In so far as the injunctive relief is concerned, they are proper parties to the suit, and the injunction will run against them, although they will be equally bound by an injunction against the corporation of which they are officers. \* \* \*”

It is to be noted that this Circuit Court of Appeals found that the individual defendants were organizers and officers of the defendant company. On this showing the Circuit Court of Appeals left the question of liability to the

“\* \* \* determination of the court below, where other facts affecting their liability may be adduced on the accounting. \* \* \*”

In other words, the Circuit Court of Appeals granted an accounting and the exact nature of the liability to be there determined.



The Trial Court in the present case made exactly this ruling. In paragraph 9 of the decree the Trial Court directed as follows (R 161):

“\* \* \* Evidence relative to both the profits and/or damages and evidence relative to the joint and/or several liability of said defendants for their infringing acts will be received by the hereinafter named Master of this Court.”

In other words, the Trial Court referred the case to the Master to determine the nature and amount of the liability of the individual appellant, Lilly.

In view of the recent holding in the *Claude Neon* case, it is submitted that this is well within the authority of the Trial Court.

Appellant, Lilly, stated (R 233):

“\* \* \* I am the president and general manager of the Chas. H. Lilly Co. and have been such since 1927 or 1928. \* \* \*”

The same witness stated (R 228):

“\* \* \* I have interviewed anyone that I thought might have any use for soya bean flour. \* \* \*”

The decision declining the proposal of a contract by Laucks to take all “Appellant Lilly Co.’s” product, if they would desist from infringing by supplying others, and to dismiss the suit then pending, was made entirely by appellant, Lilly (R 229, 230). Thus the deliberate determination to continue in the face of litigation then pending for infringe-

ment was entirely made by appellant, Lilly. Surely this was willful and determined action on his part to persist in their course of supplying to glue manufacturers the distinguishing element of the glue combination, and the above acts of personally soliciting the orders for this soya bean flour shows a personal activity. Since he was in direct control as president and manager of the corporation, it establishes that he steered the corporation directly into the channel of contributory infringement in order to secure a market for the soya bean flour.

The Trial Court stated (R 150):

“\* \* \* It is alleged \* \* \* that the defendant, Wilmot H. Lilly, is the President of the Chas. H. Lilly Co., and directs and controls all of its acts and is directly and personally in charge of conducting the infringing acts of said company of which complaint is made. The evidence has established that the defendant, Wilmot H. Lilly, as alleged, directs and controls the acts of his company. \* \* \*”

Manifestly, the evidence amply supports this finding of the Trial Court. In conclusion, it is submitted that Wilmot H. Lilly should be held to account for his direct participation in the infringing conduct which directly brought about the infringement by the corporation.

## REFERRING NOW TO:

**“Argument Point III” (p. 80 appellants’ brief) “Appellee Should Not Be Awarded Costs in Any Event.”**

This portion of appellants’ argument is evidently founded upon Assignment of Error No. 20:

“20. Because the Court erred in giving and entering a judgment against these defendants, the Chas. H. Lilly Co., and/or Wilmot H. Lilly, for costs.” (R 184.)

It will be observed that this Assignment of Error is entirely too broad. We have heretofore advised this court of the extent of the record in the Trial Court. In that voluminous record there are many elements which might enter into the question of costs.

WE RESPECTFULLY SUBMIT THAT THIS COURT SHOULD NOT CONSIDER the “Argument Point III,” page 80 of appellants’ brief, for the reason that the assignment of error upon which the argument is based is wholly insufficient to comply with rules 11 and 24 of this court. If in this assignment of error appellants intended to base the same on the matter of the filing of the disclaimer, they should have “put their finger upon this point” in order that counsel for appellee might have prepared the record in relation there-

to so that this court would have before it the same record that was before the Trial Court at the time of rendering its decision. The failure of the appellants to do this has afforded them an unfair advantage in this, that the printed record on appeal does not set forth the record in the Trial Court relative to the testimony introduced in the matter of the disclaimer or the reasons why the disclaimer was filed. The argument of counsel under this point as it appears in this court on the record, is utterly unfair to the Trial Court and unfair to this court, for the reason that it does not afford this court the same evidence as was presented to the Trial Court and upon which the Trial Court based its decision. The authorities submitted in support of our argument as to objection to sub-division "G" of appellants brief apply with equal force to this objection.

Without waiving our objection, and specifically insisting thereon, we will nevertheless answer as best we may the contention of appellants from the limited printed record. In so doing reference may be made to matters now outside the printed record, in order to make our argument intelligent.

Appellee did not see fit to make its Assignment of Error definite; neither did it in any wise attempt to support the

Assignment of Error by any portion of the record other than the printing of the disclaimer itself. The facts of the matter are that it was the position of the appellee in the Trial Court that any attempt on the part of the defendants in the Trial Court to read into the teachings of the "Caustic Soda" patent any reference to "chemically isolated or chemically extracted vegetable protein" was wholly without any foundation in fact so far as the specification and claims of said patent were concerned. Within the four corners of the patent you will not even find the *words* "chemically isolated or chemically extracted vegetable protein" mentioned, either in the claims or the specifications. Neither will you find any *reference* to either "chemically isolated" or "chemically extracted" soya bean or vegetable protein. It will be observed that the disclaimer relates only to "chemically isolated or chemically extracted vegetable protein." It was the contention of the appellee in the Trial Court that the attempt to interject into the teachings of the "Caustic Soda" patent any reference to "chemically isolated or chemically extracted vegetable protein" was an entire surprise to the appellee, and the appellee thereupon caused to be filed in the United States Patent Office, a disclaimer as to any such interpretation or construction of the specifications or claims of the

“Caustic Soda” patent. Many pages of the typewritten record in the trial court were devoted to an attempt on the part of the defendants to so construe and interpret the specification and claims of the “Caustic Soda” patent as to include therein “chemically isolated” or “chemically extracted vegetable protein.” All of this evidence was rebutted by the appellee. Not one word of all this is contained in the printed record.

When the time came for the Trial Court to determine the matter of costs, the Trial Court in paragraph 11 of its decree (R 162) found that the “plaintiff” should recover from the “defendants,” including The Chas. H. Lilly Co. and Wilmont H. Lilly, “either severally or jointly, or any of them, its costs in this Court in the amount of \$797.56.”

Every intendment must be construed in favor of sustaining the decision of the Trial Court. The Trial Court in awarding a judgment against the appellants for costs could rightfully and in all probability did base its decision upon the proposition that the appellants had made no showing sufficient to convince the Trial Court that the specification and claims of the “Caustic Soda” patent could be so interpreted or construed as to bring within the scope or import

thereof, "chemically isolated" or "chemically extracted" vegetable protein. This was a question of fact. The Trial Court had before it the witnesses whose testimony at length attempted to support this theory of the appellants. The Trial Court had the opportunity to observe the witnesses and, taking into consideration all the matters and things that went into the lengthy record of this trial, the Trial Court could have well concluded that the appellants had wholly failed in this contention.

Inasmuch as the appellants did not see fit to place in the printed record one single word of any of the evidence introduced before the Trial Court in support of the theory that the specification and claims of the "Caustic Soda" patent could be so interpreted or construed as so to bring within the scope or import thereof, "chemically isolated or chemically extracted vegetable protein," this appellate court has before it no evidence in relation thereto. In the absence of any such evidence in the record, this court must of necessity affirm the judgment of the Trial Court. The evidence contained in this regard as to whether or not an adhesive sufficient to meet the rigid requirements of the veneer industry could be made from chemically isolated or chemically extracted soya bean protein has nothing whatsoever to do with the question of whether or not such teachings were contained within the specification and claims of the

“Caustic Soda” patent. This testimony, as we have heretofore stated, was introduced at the time of trial for the sole purpose of determining the effect of carbon bisulphide upon the fibrous matter of soya bean flour. In chemically isolated or chemically extracted protein there is contained no cellulosic or fibrous matter. It was the contention of the appellee that carbon bisulphide reacted upon both the fibrous and/or cellulosic material of the soya bean flour as well as the protein. It was the contention of the appellants that carbon bisulphide acted solely upon the fibrous or cellulosic material of the soya bean, and it was for the purpose of determining this question that the evidence of I. F. Laucks (R 236-249) was introduced in evidence. This is likewise true of the testimony of Dr. Henry V. Dunham (R 249-251), the testimony of E. Sutermeister (R 255), and the testimony of Dr. Herman V. Tartar (R 261). None of this testimony had anything whatsoever to do with the evidence introduced by the appellants in the Trial Court as to their theory that the specification and claims of the “Caustic Soda” patent might be so interpreted or construed as to bring within the scope or import thereof, chemically isolated or chemically extracted soya bean protein. As a matter of fact, the testimony of Herman V. Tartar (R 261) states that his experiments were made with isolated protein of soya bean. The testimony of E. Sutermeister (R 255), relating to Exhibit 86, stated they were therein using isolated protein as an ad-



hesive base. The same is true of the testimony of I. F. Laucks.

There is a vast difference between (A) "mill extracted" or "mill purified" protein of soya bean, a condition which can be brought about by "mill processed" and (B) "chemically isolated" or "chemically extracted" protein, which was the subject matter of the disclaimer. By the term "isolated protein" may be intended either "mill extracted protein" or "chemically extracted protein." The disclaimer related solely to "chemically extracted" or "chemically purified" protein. A great deal of evidence was introduced in the Trial Court covering this exact distinction, not one word of which is shown in this record. Appellants' statements ignore this distinction.

We therefore respectfully submit that there is in the record before this court no testimony upon which this court can determine that the decree of the Trial Court in awarding a judgment against these appellants was incorrect. It should never be the intent or purpose of an appeal, to ask the Appellate Court to pass snap judgment upon the decision of the Trial Court. If the appellants are dissatisfied with the decision of the Trial Court or think the Trial Court has committed error in its decision, then it is incumbent upon the appellants to produce before the higher court the record upon which the Trial Court passed, so that the Ap-

pellate Court may be in as fair a position to pass upon the action taken by the Trial Court as was the Trial Court itself. When the appellants fail in this duty, then this court will not attempt to reverse the action of the Trial Court as to such matters.

Counsel for appellants, on page 84 of their brief, make the following statement:

“Inasmuch as the prior art had taught the use of chemically extracted protein combined with the agents referred to in the patent, it was necessary for Appellee, in order to sustain its patent, to file a disclaimer and to claim as the real invention only the combination of the whole residue of the beans with the designated chemicals.”

This is purely a conclusion of the writer of the brief, unsupported by any evidence contained in the record before this court. This conclusion drawn by the appellants is diametrically opposed to the basis upon which the Trial Court entered its judgment of costs against the appellants.

As we have heretofore stated, the judgment of the Trial Court might well be and supposedly was founded upon the finding of the Trial Court; that this conclusion, above quoted, by the appellants was wholly unsupported by the testimony, and if wholly unsupported by the testimony, then of course the filing of such disclaimer could have no ultimate effect upon and determination of the question of costs.

It was the position of the appellee in the Trial Court and is here, that the specification and claims of the "Caus-tic Soda" patent could not be so interpreted or construed as to bring within their scope or import, "chemically isolated or chemically extracted soya bean protein." And in order to quiet for all time any attempt on the part of any infringer to set up such defense, the disclaimer was filed in the Patent Office. The Trial Court must have found with the appellee upon this phase of the case. It would indeed be a disastrous rule of law which would permit an infringer to escape the costs of trial if he would be permitted so to do by the subter-fuge of placing a wholly strange and erroneous construction upon a patent, thus compelling the patentee either to go through a long and arduous trial in rebuttal of said erroneous construction or by filing a disclaimer thereof. If he files a dis-claimer, then the infringer will seek to avoid costs. If he does not file a disclaimer, the patentee will be ruined be-cause of the extended expense of the litigation. This was never the intent or purpose of the patent law and courts will not tolerate such attempts.

We respectfully submit that the Trial Court has found against the contention of the appellants; that the appel-lants have introduced no record to this court upon which to reverse the finding of the Trial Court. Therefore, the judgment of the Trial Court as to costs should be affirmed.

The law is that so long as the disclaimer filed does not affect any claim of the patent, then the filing of such disclaimer in no wise affects the costs. The disclaimer filed in this case in no wise affected one single claim of the patent in suit and the appellants have not pointed out in their brief that any claim was so affected by the disclaimer. On this question the law is clear.

The disclaimer (R 100) it is to be noted, disclaims:

“\* \* \* any interpretation or construction of the specification or claims of the said Patent which brings within the scope or import of the specification or claims of said patent chemically isolated or chemically extracted vegetable protein. \* \* \*”

The court will please note that there is no disclaimer of any claim. Where no *claim* is disclaimed, it is held that the statute as to costs does not apply, see the Circuit Court of Appeals decision in the 3rd Circuit, *Stetson Hospital v. Snook-Roentgen Mfg. Co.* (C.C.A.) 245 Fed. 654. Therefore, since the disclaimer did not disclaim any claim, it is submitted that the contention of the appellants that no costs should be decreed against them, is not well founded. The appellants do not cite any case wherein costs were denied under the disclaimer statute, where no claim was disclaimed.

R. S. 4922, 35 U. S. C. A., sec. 71, p. 613, does not apply where a disclaimer is not necessary to uphold a patent (see *National Electric S. Co. v. De Forest Wireless Tel Co.*, 140 Fed. 449, 455, C. C.):

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*“The statutes restricting costs upon filing a disclaimer after suit seem only to apply where a disclaimer is necessary to upholding the patent, and is filed for the purpose of saving it. That is not the situation here. No part of the invention set forth to which the claims held valid apply needs to be disclaimed to make or leave them valid.*”

The doubt about those in question not held to be valid arises from their description of what is claimed, and not from failure of right of the patentee to what they might have covered. The various forms of claims for the same thing need not all be valid; and those that for indescription are not valid need not be disclaimed in order to recover upon those that describe the actual invention. That costs were not mentioned was not intended to indicate that they should not follow the recovery. The decree is made to conform to these views.”

To the same effect, see *Sharp v. Tift*, 2 Fed. 697, 701 (C.C.) where it was held that the section of the statute does not apply where the disclaimer was not necessary to sustain the patent, to the extent that it was held valid. The justification of this rule is found in examination of R. S. 4922 itself. It reads:

“Whenever, \* \* \* a patentee has in his specification claimed to be the original and first inventor or discoverer of any material or substantial part of the thing patented, of which he was not the original or first inventor or discoverer, etc.”

Note that he must have claimed a part of which he was not the original inventor or discoverer. But since the claims did not include the term “chemically isolated protein,” or

“chemically extracted vegetable protein,” and since the disclaimer, therefore, did not disclaim any claim to save the patent, it is clear how unfounded the contention of the appellants is with respect to the items of not allowing costs. Also note that the wording requires that the part claimed must be a material and substantial part.

Respecting “substantial part,” see *Draper et al v. Wattles*, 81 Fed. 374, C. C., where the circuit Judge Lowell said:

“This power to award or refuse costs, in whole or in part, may prove to be useful in the very long and expensive litigations which are so much in vogue at the present time, and I should be unwilling to abdicate that power. But this case seems to come within that general rule, which is adopted in all courts of equitable jurisdiction, that a plaintiff is not to be refused his costs merely because he may not have recovered all that he has in good faith and with reasonable prudence supposed himself to be entitled to. The parties cannot always foresee what the evidence may be to meet their apparently sound case. *Especially is this true in patent causes, in which the history of the art is often developed for the first time in the course of the suit. If the invention has been anticipated in any substantial part, the statute deals with the costs.*”

Accordingly, since the express terms of the statute do not require the court to surrender their discretionary power to adjudge costs if they feel that the equities of the case so require, the above cases are eminently right and just. Any statute that would undertake to take away this long established power of a Court of Equity, would have to be,

by all rules of construction, clear and definite and would force the Court to adopt an unreasonable position with respect to a disclaimer which was not necessary to save the patent, and which disclaimer was not necessary to sustain the patent to the extent it was held valid.

In support of their contention, appellants cite *O'Reilly, et al., v. Morse, et al.*, 56 U. S. (15 How.) 62, 14 L. Ed. 601. The first part of the paragraph from which the extract is taken is as follows:

“ \* \* \* It appears that no disclaimer has yet been entered at the Patent Office. But the delay in entering it is not unreasonable. For the objectionable claim was sanctioned by the head of the office; it has been held to be valid by a circuit court, and differences of opinion in relation to it are found to exist among the justices of this court. Under such circumstances the patentee had a right to insist upon it, and not disclaim it until the highest court to which it could be carried had pronounced its judgment. The omission to disclaim, therefore, does not render the patent altogether void; and he is entitled to proceed in this suit, for an infringement of that part of his invention which is legally claimed and described. But as no disclaimer was entered in the Patent Office before this suit was instituted, he cannot, under the Act of Congress, be allowed costs against the wrong-doer, although the infringement should be proved. And we think it is proved by the testimony. \* \* \* ”

Thus it appears that what was involved was the disclaiming of a claim, namely claim 8, and, therefore, the disclaimer is not like that involved in the present case.

Relative appellants' citing of *Silsby v. Foote*, 61 U. S. (20 How.) 378, 15 L. Ed. 953 (applnts.' Bf. 82): The report of the decision seems unsatisfactory, as it fails to set out the date of the disclaimer.

Referring to Brodix's Am. & Eng. Patent Cases, Vol. 6, p. 392, 398: The disclaimer, as shown, in this Brodix's report did involve a certain part of a claim, so that this case is likewise differentiated from the disclaimer in suit. Likewise in the case of *Sessions v. Romadka* cited by appellants (Bf. 82), the disclaimer dealt with certain claims, and is thus differentiated from the disclaimer in the present suit. See page 614 where the court stated:

“ \* \* \* The court below was evidently inclined to this opinion, but permitted the plaintiff to enter a disclaimer of all the claims but the one in suit. \* \* \* ”

The same remarks above apply to appellants' citation of *Hailes v. Albany Stove Co.*, 123 U. S. 582; 31 L. Ed. 284 (Bf. 83). On page 286 it appears that the disclaimer struck out a part of a claim. There was no question about costs in this case, because the disclaimer affected claims overcoming anticipation by the prior art (p. 285).

All the above cases cited by the appellants were cited in their brief in the trial court, and likewise the cases cited by the appellee were given in answer thereto, and it was pointed out that in no case did the appellants cite any case



where costs were denied, where the disclaimer did not strike out a claim. Manifestly, appellants have still been unable to find any authority to sustain the denial of costs where no claim was disclaimed.

### SUMMARY

Appellee relying on the patents in suit, created and introduced a new industry, viz., water resistant soya bean flour glue, used in carload lots by the plywood industry.

The new glue displaced the casein glue then in use in all the veneer plants on the Pacific Coast, p. 10. The base of this new glue was soya bean flour made from the seed residue after expressing the oil. This residue previously was a waste product chiefly used for fertilizer. After the new glue industry was a proven success, appellants located in the same city with appellee, commenced milling the new glue base, soya bean flour, ground to glue specifications and installing new machinery to keep pace with the increased business. This product was admitted by them as new, p. 12. Appellants were not satisfied with supplying infringing glue companies, but undertook a nation-wide campaign to induce other glue companies to adopt the new glue base in their glue, appellants offering to supply samples and information. So new was the new product, appellants even presumed it was necessary to inform and write the largest glue company in the world, advising it of the existence of this

new glue base, urging them to adopt this new flour as a glue base. In this ambitious step taken eight months after one suit had been commenced, the success of appellee was used to promptly convince the prospect that the new base was not an experiment.

Herein, while caustic soda and carbon bisulphide elements are respectively the distinguishing elements in the combination of the claims in suit of the "Caustic Soda" and "Carbon Bisulphide" patents, nevertheless, the fundamental and essential element is the base, the soya bean flour. The chemicals, caustic soda and carbon bisulphide, are primarily effective because the base has the characteristic properties exhibited by a seed residue flour, of which soya bean flour is an example.

Despite appellee marking its glue "patented," and special advertisements about its products being patented, together with the publicity incident to the rapid development of a new industry, the appellants insisted upon invading this new industry developed under the patent rights of the appellee. Even after suit was instituted, specifically charging appellants with contributory infringement by supplying Kaseno Products Co. with the new glue base, they still continued after full knowledge to supply the said flour base to glue manufacturers. Again, after an offer by appellee to buy the entire output if they would discontinue their in-

fringing acts, p. 27, appellants refused, even though the settlement of the pending suit was offered as consideration. The fact of this offer shows by itself that Laucks would not have made the same had not appellants been the primary source of the new glue base for infringers. Then, a letter was sent by appellee, giving further notice of patent rights of appellee, and then further suits, including the patents in this suit, were instituted against appellants, yet even after all this, appellants persisted in their contributory infringement, and this they have done all during the trial, and until positively stopped by the injunction of the Trial Court. Even in their appeal to this court they ask the court to permit them to resume their invasion of the new glue business developed under the patented inventions of appellee.

The foregoing facts show conclusively that appellants did not innocently sell the soya bean flour as "casual sales," merely in response to orders normally received. Rather, the facts show conclusively a reaching out to capture the business for the new glue base, regardless of the continued involved invasion of the patent rights of appellee. Accordingly, the facts, we submit, amply justified and positively required the decision of the Trial Court against the willful and predatory conduct of the appellants. The stipulation of appellants, the Arabol letters, and testimony which established clearly the intent necessary to constitute appel-

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lants full fledged contributory infringers are considered in detail, commencing page 25.

It is axiomatic that a person is presumed to intend the natural consequences of his acts. If he positively knows the actual consequences and then continues his acts, certainly no question can then remain as to his intent, p. 46.

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.” *Orr-Ewing v. Johnson*, 13 Ch. D. 434, 553.

The authorities involving facts most analogous to those of the present suit are set forth and applied, pages 34 to 57. Of these, the attention of the court is specially directed to:

(1) The relatively recent case of this 9th Circuit Court of Appeals—*Ersted v. Willamette Iron & Steel Works*, page 48. Particularly is attention called to the breadth of the injunction.

(2) *Novadel Process Corporation v. J. P. Meyer & Co.*, page 38, relating to two step process of bleaching flour. The stipulation showed defendant there supplied the distinguishing materials of the patented combination and sold it to flour millers for bleaching purposes, who did use it in an infringing manner.

(3) *Henry v. A. B. Dick*, page 33 — a United States Supreme Court case which expressly states that “a pre-

sumption (of intent) arises when the article so sold is only adapted to an infringing use. (citing case.) It may *also* be inferred where its most conspicuous use is one which will cooperate in an infringement, etc.”

The individual liability of appellants is shown, p. 105 to 113.

That costs were rightly allowed to the appellee by the Trial Court is shown, commencing p. 113.

*In conclusion, the attention of the court is particularly directed to the fact that the Trial Court in its decision did not deprive the appellants of any market for its products, which market appellants had prior to the establishment of the new soya bean glue industry of appellee.*

Appellants in their concluding plea to this Court of Equity presume to request, in effect, that they be allowed to sell their products, regardless of the extent to which they may invade the patent property rights of the appellee. In short, appellants not only ask this court to grant them immunity from past infringement liability, but to deliver to them for the future the property rights of appellee, and thus set at naught the constitutionally grounded legislation protecting intangible patent property.

We prefer to believe the provision of the Constitution of the United States of America as the same relates to patent

rights is still in full force and effect and will be respected by this Court of Equity.

“Congress shall have power \* \* \* to promote the progress of science and the useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”

In referring to this constitutional provision, it has been well said:

“No words ever penned have done more to promote the progress of any country and no country in the world’s history has progressed so much as ours since the penning of these famous words.” Walker on Patents, Vol. 1 (6th Ed.) 21.

Appellee further contends that when a new industry is developed by a manufacturer marketing an article covered by its patent, and such manufacturer marks all his goods “patented,” and when the fundamental and essential element is “a comparatively new product,” which must be made to certain specifications to adapt it for such patent product, and the magnitude of the new business is such that carload orders are made, it would be safe to assume that such product is the patented property of the said manufacturer, the title to which is protected by the laws of the United States of America. In short, the situation is not unlike that of one entering a section of country generally wild and where virgin forest stands, and suddenly comes upon a field fenced and cultivated, with crops growing. Surely such a party would thereby be apprised and put on notice that the par-

ticular field was private property. So in the present case, the appellee risked years of time and money in extended research work to solve the glue problem, well knowing that if they did not reach a solution which would stand the test of commercial needs, they would lose all. Having found the solution, they obtained patents expressly as provided by our laws, whose object is to protect and justify such research work, and to encourage such work in order to build up new industries. Appellee by marking the goods "patented" completed all requirements of the patent statutes.

Let it be noted that the patent laws have been considered the most democratic piece of legislation on our statute books. A workman while at the bench of his employer, and during the hours of his employment, may conceive a new invention, and the patent laws give the title of that invention to said workman. In the development and marketing of inventions the patentee has a road beset with many difficulties, such as the inertia and prejudice of human nature to things new. However, if he overcomes the difficulties and forces of nature in making his patented article a success, and proves his product worth while, then it is that he is beset by the most pernicious of all his enemies, the infringer (he who would reap where he has not sown). Just as here when the pat-

entee is about to reap his crop, he finds the most subtle of all such infringers, the contributory infringers, reaping his harvest.

Such a contributory infringer with no research and patent investment at stake and having a well developed organization is in a specially favorable position to supply the distinguishing element of the patented combination to others to aid them in invading the new industry of the patentee. Thus, such contributory infringer reaps where he did not sow and secures the reward that was justly intended by law for the patentee.

Finally the court's attention is directed to the fact that by affirming the Trial Court's decision in this case, this court will not be limiting the possible market that was open to appellants for their products prior to the establishment of the new industry of appellee. The soya bean glue business was an entirely new field developed by appellee, so that the demand for the element soya bean flour came about by reason of what appellee did. Accordingly, this court in sustaining the Trial Court, is closing no part of the market for appellants' products which was open to them prior to the establishment by appellee of the soya bean flour glue industry under its patents.



Accordingly, the Court is respectfully petitioned to affirm the decision of the Trial Court.

Respectfully submitted,

RAYMOND D. OGDEN,

G. WRIGHT ARNOLD,

WARD W. RONEY,

CLINTON L. MATHIS,

*Solicitors for Appellee.*



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In the United States  
Circuit Court of Appeals  
For the Ninth Circuit

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No. 7084 /

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CHAS. H. LILLY CO., a corporation, WILMOT H.  
LILLY, KASENO PRODUCTS CO., a corpora-  
tion, and GEORGE F. LINQUIST,  
*Defendants-Appellants,*

vs.

I. F. LAUCKS, INC., a corporation,  
*Plaintiff-Appellee.*

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On Appeal from the District Court of the United  
States, for the Western District of Washington,  
Northern Division

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REPLY BRIEF OF CHAS. H. LILLY CO. and  
WILMOT H. LILLY, *Defendants-Appellants*

---

JAY C. ALLEN,  
WELDON G. BETTENS,  
*Solicitors for Appellants.*

Seattle, Washington.

OCT - 9 1933



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*Solicitors for Appellants.*

Seattle, Washington.

## INTRODUCTION

As in our opening brief, the letter "R" wherever used in this brief means the printed "Transcript of the Record" filed herein February 13, 1933. Italics wherever used are our own unless otherwise stated. We continue to refer in this brief to I. F. Laucks, Inc., the plaintiff below, as "Appellee," to The Chas. H. Lilly Co., one of the defendants below, as "Appellant Lilly Co.," and to Wilmot H. Lilly, one of the defendants below, as "Appellant Lilly."

Inasmuch as several of the points raised by Appellee in its answering brief in this cause are identical with those raised in the answering brief in cause No. 7083, and inasmuch as our reply to such contentions has in this brief been greatly condensed in order to avoid repetition, we respectfully request that the Court read our reply brief in cause No. 7083 before reading the reply brief in this cause.

All parties are agreed as to the invention and teaching of the Caustic Soda Patent as it now stands, since disclaimer filed, and as related to the question of contributory infringement here involved. The following is quoted from page 13 of Appellee's brief:

"The teaching of the 'Caustic Soda' patent (Ex. 14, R. 71-72) is:



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‘When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resistant nor as workable. We find, however, by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, such caustic soda apparently playing the part of dispersing the colloidal material. The resultant glue is then somewhat similar in its working properties to casein glue, although its water resistance is still slightly less.

‘In practice, there is a great difference between vegetable protein-containing glues made up by treatment with caustic soda as such and glues made by treatment with lime and sodium salts which by interaction may produce caustic soda.’ ”

The patent also taught, however, prior to the filing of a disclaimer, the use of caustic soda in making isolated soya bean protein glues, as pointed out in our opening brief.

All parties are agreed that to constitute an infringement of the claims here involved, a glue would necessarily include soya bean flour as a glue base and the chemical caustic soda, as such (or caustic potash, as such, stated by the patentees to be an equivalent). There is no question about the fact that Kaseno Products Co. made glues containing soya bean flour and caustic soda,

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as such, nor is there any question that such glues infringed the claims of the patent here involved. There is no question as to the fact that Appellant Lilly Co. furnished the soya bean flour with which Kaseno Products Co. made its glues. Appellant Lilly Co. so stipulated prior to trial. All parties are agreed that one of the principal questions involved in this appeal is whether or not Appellants are guilty of contributory infringement of the four claims of the patent upheld by the Trial Court by reason of having supplied soya bean flour to Kaseno Products Co. as aforesaid.

All parties are agreed as to the teaching and invention of the Carbon Bisulphide Patent. We quote from page 14 of Appellee's brief as follows:

“The teaching of the ‘Carbon Bisulphide’ patent is that the use of carbon bisulphide with a soya bean flour, together with an aqueous alkaline medium, produces a high grade, water-resistant glue (R. 140, 245), the carbon bisulphide acting as a waterproofing agent.”

A glue which would infringe the two claims of the Carbon Bisulphide Patent held valid by the Trial Court would be a glue containing soya bean flour as a glue base and carbon bisulphide as a waterproofing agent. There is no question about the fact that Kaseno Products Co. for a time made glues comprising soya bean flour and carbon bisulphide. As above stated, there is

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no question about the fact that Appellant Lilly Co. furnished the soya bean flour with which Kaseno Products Co. made its glues. All parties are agreed that the second principal issue involved on this appeal is whether Appellants were guilty of contributory infringement of Claims 13 and 14 of the Carbon Bisulphide Patent by reason of having supplied soya bean flour to Kaseno Products Co. as aforesaid.

All parties are agreed that the law applicable to cases of contributory infringement is correctly set forth in the case of *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, which was cited with approval by this Court in the case of *Wilson v. Union Tool Co.*, 265 Fed. 669.

In the first case above mentioned, the Court said:

“An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by *aiding and abetting it*, have been held to be jointly and severally liable for the injury inflicted. *There must be some concert of action between him who does the injury and him who is charged with aiding and abetting, before the latter can be held liable.* \* \* \*

“As already stated, it does appear that *defendant is offering for sale articles that can only be used in combinations covered by complainant's claims.* \* \* \*

“It being established that defendant is offering for sale articles, *intending them to be used in combinations which, if unlicensed by complainant, would be infringements* of complainant’s patents, we think that it is the duty of the defendant to see to it that *such combinations* which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. \* \* \* What we have said has application only to cases in which it *affirmatively appears* that the alleged infringer is offering the parts *with the purpose that they shall be used in the patented combination*. We have found that it *does so appear here*, and is a matter of *certain inference* from the circumstance that the parts sold can *only be used in the combinations patented*. *Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, been adapted to other uses than in the patented combination. In the latter case the intention to assist in infringement must be otherwise shown affirmatively, and cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used.*”

In the second case above mentioned, this Court said :

“In *Thomson Houston v. Ohio Co.*, 80 Fed. 712, 26 C. C. A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells *one element* of a combination covered by a patent, *with the intention and for the purpose for bringing about its use in such combination*, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination.”

Under the authorities above quoted, to be guilty of contributory infringement of the four claims of the

Caustic Soda Patent upheld by the Trial Court, Appellants must have sold soya bean flour to the defendant Kaseno Products Co. *with the intention and for the purpose* of aiding and abetting Kaseno Products Co. in making a glue comprising soya bean flour and caustic soda. Likewise, to be guilty of contributory infringement of Claims 13 and 14 of the Carbon Bisulphide Patent, Appellants must have sold soya bean flour to the defendant Kaseno Products Co. *with the intention and for the purpose* of aiding and abetting Kaseno Products Co. in making a glue comprising soya bean flour and carbon bisulphide. There must have been some concert of action between Appellants, who furnished a single element of the infringing glue, and the defendant Kaseno Products Co., who did the injury, before Appellants can be held liable.

All parties are agreed that soya bean flour glues not embodying either caustic soda or carbon bisulphide can be and have been used. As pointed out in our opening brief, the Caustic Soda Patent, while admitting that a glue can be made without the use of the particular chemical caustic soda, states that by using such particular chemical a better glue is obtained. Likewise, the Carbon Bisulphide Patent admits that glues may be made without the use of the particular chemical carbon bisulphide, but that such chemical added

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to the glue makes the same more waterproof. Both the defendant Kaseno Product Co. and Appellee itself made glues which did not infringe either patent. We quote from pages 13 and 14 of Appellee's brief as follows:

"The record further discloses that the Appellee first commenced the use of caustic soda as such with its soya bean glues in 1923. \* \* \*

"For a time the appellee discontinued the use of caustic soda as such in some of its glue formulae. During the year 1926 it again reintroduced commercially the use of caustic soda as such in all of its glue formulae. \* \* \* In April, 1926, the appellee introduced commercially the use of carbon bisulphide in the veneer plants with the soya bean glues manufactured and sold by the appellee."

The matter of these noninfringing glues is dealt with at length in our opening brief (pages 54-65). Without repeating the argument there made, it will be seen that the statement above quoted from Appellee's brief is sufficient to establish the point that soya bean flour glues could be and had been made without the use of either caustic soda or carbon bisulphide. Aside from other uses for soya bean flour, such as its use for tree spray, its use for edible purposes, its use for stock feed and fertilizer purposes, as pointed out in our opening brief, it conclusively appears that it may be used in making soya bean flour glues which would

not infringe the claims of the patents held valid by the Trial Court.

Under the authorities, then, the burden was upon Appellee to establish by competent evidence in the case an actual wrongful intent on Appellants' part; the burden was upon Appellee to establish that the element furnished by Appellant Lilly Co. was furnished with the intent and for the purpose of aiding Kaseno Products Co. in making glues which contained caustic soda and carbon bisulphide. From the circumstances of the case, proof of an actual wrongful intent was essential. No facts exist from which the Court might infer wrongful intent. Appellee made no contention, either in the pleadings or at the trial, that soya bean flour could not be used except in making an infringing glue. The Complaint alleged, among other things, an actual wrongful intent. As we pointed out in our opening brief, there was no evidence in the case that such wrongful intent ever existed.

In its endeavor to uphold the Decree of the Trial Court, Appellee now argues that, first, the evidence shows an actual wrongful intent, and second, that under the rule announced in the "Squib Case," and similar authorities, it was not necessary that any wrongful intent be proved. We will deal first with

Appellee's contention that the evidence established an actual wrongful intent, and later with the contention that no proof of intent was necessary under the law of the "Squib Case" and similar authorities.

Appellee claims that the evidence established an actual wrongful intent for the following reasons:

That Appellee attached tags to all glue manufactured and sold by it under the patents; that Appellee published notice of the patents; that Appellee gave Appellant Lilly Co. written notice of the issuance of the patents; that the element furnished by Appellant Lilly Co. was a "special product" and that there is no such article as standard soya bean flour; that the flour furnished was "ground to glue specifications;" that Appellant Lilly Co. continued to furnish flour after suit started; that Appellant Lilly Co. continued to furnish flour after Mr. Laucks had offered to take its entire output; and that the defendant Linquist testified that Appellants knew the use to which the flour furnished was being put.

Several of the foregoing contentions are identical with those made by Appellee in the Johnson Case and have been separately replied to in our reply brief in that case. Inasmuch as both cases were argued together, and in order to avoid unnecessary repetition,



we will not deal at length in this brief with such arguments but respectfully refer the Court to our reply brief in the Johnson Case in such connection.

**Reply to Contention That Attaching Tags to Patented Product Charges Appellants with Knowledge**

Appellee, relying upon R. S. 4900, argues that since it properly marked glue manufactured by it under the patents, Appellants had constructive knowledge of the same and are constructively charged with knowledge of infringing acts committed by Kaseno Products Co. This argument is fully answered in our reply brief in cause No. 7083, pages 10 to 14, where we have shown that the constructive notice provided for by R. S. 4900 is of no help to Appellee in proving a cause of action for contributory infringement. The gist of such action is for an intentional and purposeful aiding and abetting in the commission of an infringing act. Knowledge of infringement and an intent to aid therein are essential elements of the action, for there can be no intent to aid in the absence of *knowledge* that one is so aiding. The statute relied upon does not purport to charge a contributory infringer with knowledge of infringement. The case of *Gimbel v. Hogg*, 97 Fed. 791 (C. C. A.-3rd), as pointed out in our reply brief in the Johnson Case, is squarely in point.

It is submitted that the fact that Appellee's patented glue was properly marked is no evidence whatever that Appellants intentionally aided their codefendant in manufacturing an infringing glue.

### **Reply to Argument That Appellee Published Notice of the Patents**

Relying upon two published notices, which appeared in "The Timberman" in September, 1925, and November, 1928, respectively, Appellee argues that such publications gave Appellants notice of the patents and charged Appellants with knowledge of Kaseno Products Co.'s infringing acts. The notice published in 1925 (R. 194) was published approximately three years before the Caustic Soda Patent was granted and a little more than three years before the Carbon Bisulphide Patent was granted. The notice refers to no specific patent and could not possibly be construed as being notice to anyone of the patents here involved.

The second notice was published in "The Timberman" in November, 1928. It mentioned the two patents here in suit as follows (R. 196) :

"Patents recently granted to I. F. Laucks, Inc., in the United States are the following:

"U. S. Patent No. 1,689,732, dated October 30, 1928. Covering broadly the use of Caustic

soda with vegetable protein flours for adhesive purposes.

“U. S. Patent No. 1,691,661, dated November 13, 1928. Covering broadly the use of carbon bisulphide and like materials with vegetable protein flours for adhesive purposes.”

As pointed out in our opening brief, the evidence showed that “The Timberman” was a publication subscribed to by the lumber and veneer industries. There was no showing that the publication was subscribed to by the flour milling industry or that it would have been in any way likely to have come to the attention of Appellants. There was no showing whatever that the published notices were ever brought to Appellants’ attention, and in any event notice of a patent is far different than notice of claimed infringement. The notices do not set forth any claimed infringement of either patent by glue manufacturers or veneer plants. Nothing is set forth which would charge Appellants with knowledge of infringement by Kaseno Products Co.

It is submitted that the published notices printed in a publication not connected with Appellants’ business, which notices would not be likely to, and did not, come to Appellants’ attention, do not charge Appellants with notice of the patents nor of any infringe-

ment thereof and are no evidence whatever of an intention on Appellants' part to aid in an infringement.

**Reply to Argument Concerning the Giving of Written Notice to Appellants**

By letter dated November 16, 1928, addressed to Appellant Lilly Co., Appellee gave notice of the issuance of both patents in suit and of its intention to enforce its rights against infringers and contributory infringers. This notice was the direct notice provided for by R. S. 4900 and, if given to a direct infringer, would entitle Appellee to recover damages for direct infringements committed thereafter. The letter makes no claim that Appellees patents are being infringed, either by any glue manufacturer or any veneer plant. There is no intimation that Kaseno Products Co. was making an infringing glue. Yet at the time this letter was written, Appellee knew and had known since April, of 1926, that Kaseno Products Co. was infringing the patents (R. 198). Appellee was in position to know, and did know, that to glues manufactured by Kaseno Products Co. caustic soda and carbon bisulphide were being added at the veneer plants. Appellants were not in position to know, and did not know, such fact. Knowing of the infringement by Kaseno Products Co., and having

known of such infringement for a period of more than two and one-half years, Appellee did not see fit to notify Appellants of the fact but resorted simply to the giving of a general notice of the issuance of the patents.

The notice given made no claim that soya bean glues could not be made without the use of the chemicals covered by the patents. No such claim was ever made nor could it have been honestly made. There was no intimation that Kaseno Products Co., or any glue manufacturer, might be making a glue which infringed the patents. In the absence of such notice, surely Appellants were entitled to assume that Kaseno Products Co. was acting honestly. The company had been making glues since 1918 (R. 208). Appellant Lilly Co. had been furnishing it soya bean flour since 1926 or 1927 (R. 216). Appellants were entitled to assume that Kaseno Products Co. was not making a glue which infringed patents granted in 1928. The presumption was that Kaseno Products Co. was acting honestly.

When it was Appellee's duty to speak and to warn Appellant Lilly Co. that the soya bean flour it was furnishing to Kaseno Products Co. was being used by the latter company with caustic soda and carbon

bisulphide in making an infringing glue, Appellee remained silent. It kept secret the fact, which it had known for more than two and one-half years, that the soya bean flour purchased by Kaseno Products Co. was being used in an infringing way. Having stood silently by and having failed to notify Appellants of the infringement which it knew was being committed, Appellee now comes into a Court of Equity and argues that a letter notifying Appellant Lilly Co. of the issuance of the patents in suit, but purposely failing to warn of any infringement thereof, is sufficient to charge Appellants with knowledge of such infringement and shows an intent on the part of Appellants to aid in such infringement. As before pointed out, Kaseno Products Co. denied that its glues infringed the patents.

It is submitted that the sending of the letter in question is no evidence whatever that Appellants knowingly and intentionally aided Kaseno Products Co. in making a glue comprising soya bean flour, caustic soda and carbon bisulphide.

**Reply to Contention That Soya Bean Flour Is a Specially Prepared Product and That There Is No Such Article as Standard Soya Bean Flour.**

On page 32 of Appellee's brief, it is stated that the product manufactured by Appellants and sold to

Kaseno Products Co. "was a special product, specially adapted for a special use, that is, the manufacture of soya bean glues."

On page 79 of Appellee's brief, it is stated that Appellee contends that the soya bean flour furnished "was specially adapted for the infringing use, and that it was so adapted with the intent and purpose that it should be so used in a glue composition, which constitutes contributory infringement."

The idea here expressed is injected into Appellee's brief at several different places, and the same thought is expressed in different language throughout its entire argument in this cause and in cause No. 7083. Our reply to this argument is fully set forth in our reply brief in the Johnson Case, pages 15 to 21. As there pointed out, the contention is a novel one on Appellee's part, no such contention ever having been made during the trial of the case. There is no evidence in the printed Transcript of the Record in this Court, nor was there any evidence introduced at the trial below, which would in any manner tend to support this novel and absurd contention. All of the evidence establishes the contrary. Throughout the trial, the phrase "standard soya bean flour" was used by all parties to the litigation. In our reply brief in the

Johnson Case, we have pointed out several instances in which the phrase was used by Appellee itself.

The only evidence in the printed Transcript of the Record in this case as to what was the product furnished by Appellant Lilly Co. is the testimony of Appellant Lilly, pertinent excerpts from which are quoted in our reply brief in the Johnson Case.

Appellee's contention that soya bean flour was not known of until its use for glue making purposes was brought about is a positive misstatement. The Fisher Flouring Mills was manufacturing soya bean flour during the war. (R. 230.) Appellee has always contended that Johnson was the first to teach the use of soya bean flour for glue purposes, and his original patent was not applied for until 1922.

Appellee's contention that the Trial Court found that soya bean flour was not a staple article of commerce is simply a statement of counsel. As pointed out in our reply brief in the Johnson Case, the Trial Court inferentially found that soya bean flour was a staple article of commerce.

The fact is, as shown by the Record in this case, that the soya bean flour furnished by Appellant Lilly Co. was a standard article of commerce which Appellant Lilly Co. had been milling since 1916 or 1917,



and that it was manufactured and sold for use as tree spray, for edible purposes, for glue making purposes, and for use by furniture manufacturers, and that finely ground soya bean meal, not ground to the fineness of standard soya bean flour, had long been used as a fertilizer and as feed for live stock.

As has heretofore been pointed out, the specifications of the patents here involved expressly state that soya bean flour glues can be made without the use of either caustic soda or carbon bisulphide, and it was therefore incumbent upon Appellee to establish an actual intent on Appellants' part. The contention, therefore, that the flour furnished was not a staple article of commerce is not at all pertinent in this case. In making the argument, Appellee seeks to establish a fact from which the Court might infer intent. Inferred intent, however, is not applicable under the circumstances of this case.

In any event, the Court did not find that soya bean flour was not an article of commerce, and Appellee requested no such finding. Appellee is in no position, therefore, to request this Court to make such finding.

**Reply to Contention That Product Furnished by Appellants Was Specially Processed for Glue Making Purposes.**

Referring to a statement made by Appellant Lilly Co. in one of the Arabol letters, Appellee states on page 11 of its brief:

“It recites that ‘Appellant Lilly Co.’s’ flour is *specially processed for glue making purposes.*”

The statement actually made in the Arabol letter referred to has been misrepresented. The statement set forth in the letter reads as follows (R. 105):

“Our material is specially processed to remove a very large percentage of the fiber and is bolted through a *flour mill process* through a fineness of 100, 109, or 126 mesh.”

The argument here made by Appellee is identical with that made by it in its brief in the Johnson Case and has been fully answered by us in our reply brief in that case, at pages 21 to 23 thereof.

Appellee first misrepresents a statement made in a letter written out of Court by Appellant Lilly Co.’s purchasing agent, and then would have this Court consider such misrepresented statement as evidence of the misrepresented fact. The Arabol letters are not evidence of any facts therein stated. The letters were not offered for the purpose of impeachment. No foundation was laid for their introduction in evidence

for such purpose. Appellant Lilly was not asked on cross-examination concerning any statement contained in the letters. In his direct examination, however, this witness did fully explain the meaning of the phrase "specially processed." He testified that the difference between soya bean meal and soya bean flour is that the former is soya bean cake ground up on some sort of mill that does not get it down to the fineness of flour; that flour is ground by a different process, milled through a silk cloth to produce flour; that flour, therefore, is meal further processed. (R. 226-227) Regardless of whether the product is to be used for glue making purposes, for tree spray purposes, for edible purposes, or for other purposes, it is put through a flour mill process; that is, it is milled through a silk cloth so as to produce flour.

What we have here said regarding the particular statement in the Arabol letter referred to applies with equal force to all arguments made by Appellee which are based upon statements set forth in the Arabol letters. None of such statements are evidence of the facts stated. All of the evidence in the case refutes the contentions made by Appellee that statements contained in the Arabol letters tend to establish that the product sold by Appellant Lilly Co. was a special product and not a staple article of commerce.

**Reply to Argument That Flour Furnished Was “Ground to Glue Specifications.”**

Appellee in this case again lays great stress upon the same contention it made in the Johnson Case, that the fact that Appellant Lilly Co. stipulated that the flour it furnished was “ground to glue specifications” establishes that the flour was a product specially made for use in the manufacture of soya bean glues. This argument has been fully answered in our reply brief in the Johnson Case, at pages 23 to 26.

Concerning the stipulation on which the argument is based, we quote from page 9 of Appellee’s brief as follows:

“On the 25th day of November, 1929, The Chas. H. Lilly Co. entered into a stipulation (Ex. 11, R. 103) that on or before March 27, 1928, it did sell and deliver and is now selling and delivering to Kaseno Products Co., its co-defendant herein, *soya bean cake ground to glue specifications, that is, 80 mesh or finer*, for use in the manufacture of adhesives or glues of said company.”

It is at once apparent that the parties to the stipulation themselves defined the meaning of the phrase “ground to glue specifications” as being soya bean cake ground to 80 mesh or finer. Appellant Lilly Co.’s standard soya bean flour, ground in the usual manner, is all practically 100 mesh or better. (R. 226) Regard-

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less of whether the product is sold to grocery stores, spray manufacturers, furniture manufacturers or glue manufacturers, it is ground to 100 mesh or better. (R. 226) It so happens that this standard soya bean flour, ground to 100 mesh or finer, meets the requirements of "glue specifications." It also meets the requirements for all of the various purposes for which it is manufactured. Whenever Appellant Lilly Co. receives an order for soya bean flour, it grinds the same to 100 mesh or better. (R. 226)

There is no evidence in the Record, nor was there any evidence in the entire case, that flour "ground to glue specifications" is ground in any different manner than flour used for other purposes. There was no evidence introduced at the trial that flour ground to glue specifications is any different than flour ground for any other purpose.

The patents themselves teach that flour not ground as fine as Appellant Lilly Co.'s standard soya bean flour meets glue specifications. It is stated in the specifications of the respective patents that (R. 71-81) :

"We have found that soya bean flour constitutes an admirable raw material for our purpose. Such flour is preferably made by grinding soya bean cake so that 80 per cent will pass a 100 mesh screen \* \* .

\* \* \*

“Soya bean flour made from soya bean cake from which the oil has been expressed, is preferably used in practice because it is cheaper and makes a better glue, but flour made from whole soya beans, without expressing the contained oil, may also be used, although obviously this would not be economical in view of the value which attaches to such oil. *As to the fineness of the flour, it is not necessary that the meal be ground as fine as indicated above, but fineness is desirable from a practical standpoint.*”

Appellant Lilly Co.’s standard soya bean flour, therefore, was not specially ground to meet “glue specifications” but was a flour actually ground finer than such specifications required.

It is submitted that the fact that Appellant Lilly Co. stipulated that it furnished Kaseno Products Co. soya bean cake ground to glue specifications, namely, soya bean flour ground to 80 mesh or finer, is no evidence whatever that the flour sold to Kaseno Products Co. was a special product and not standard soya bean flour, and is no evidence whatever of an intention on Appellants’ part to aid Kaseno Products Co. in manufacturing glues under the particular formulas here involved.

**Reply to Contention That the Witness Linquist Testified That Appellant Lilly Co. Knew the Use to Which the Flour It Sold Was Being Put.**

On page 26 of Appellee’s brief, the following statement is made:

“Linguist testifies that appellants knew the use to which the adhesive base sold by them to Kaseno Products Co. was being put.”

The testimony of the witness Linguist on which this statement is based is set out on page 216 of the printed Transcript of the Record as follows:

The flour we bought from The Chas. H. Lilly Co. was their regular flour that they made right along. It was the fine mesh that we wanted. It was not particularly ground to glue specifications. In our glue specifications we used flour of 100 mesh or better. When we bought flour from The Chas. H. Lilly Co. it was ground to 100 mesh or better. The Chas. H. Lilly Co. *knew that the flour they were selling us was being used for glue making purposes* in 1927, 1928, 1929 and 1930. I judge they knew it up to the present day. I do not see how they could help it. I wouldn't say that they knew it in 1927. I don't know whether we bought any from them in 1927.

The witness Linguist simply testified that Appellant Lilly Co. knew that the flour it was selling was being used for glue making purposes. He did not testify that Appellant Lilly Co. knew how the glue manufactured by Kaseno Products Co. was made nor what chemicals were used. Neither the witness Linguist nor any other witness who testified at the trial ever suggested or intimated that either Appellant Lilly Co. or Appellant Lilly knew how Kaseno Products Co. made its glue. The only evidence in the case in this

connection is the testimony of Appellant Lilly, which shows clearly and positively that Appellants at no time knew the use to which the flour they furnished was being put except that it was used in making glue. Neither Appellant knew that Kaseno Products Co. was making a glue which embodied either caustic soda or carbon bisulphide.

**Reply to Argument That Appellant Lilly Co. Continued to Furnish Flour After Suit Started.**

Appellee lays great stress upon the fact that Appellant Lilly Co. continued to furnish soya bean flour to Kaseno Products Co. after suit was started on the Caustic Soda and Carbon Bisulphide Patents. It is argued that the allegations in the Bill of Complaint gave notice to Appellants that Kaseno Products Co. was using caustic soda and carbon bisulphide in its glues, and that the act of Appellant Lilly Co. in continuing to supply flour to Kaseno Products Co., after such notice, establishes an intent to aid and assist in the making of such infringing glues. It is argued that this wrongful intent thus shown to have existed after the commencement of suit should be related back so as to establish a wrongful intent prior to the time suit was started.



The argument here made in this connection is identical with that made by Appellee in its brief in the Johnson Case. The argument is replied to fully in our reply brief in that case, at pages 29 to 35.

It will be borne in mind that the Bill of Complaint herein stated a cause of action against Appellant Lilly Co. for contributory infringement as of the time suit started. To establish the cause of action alleged, Appellee had the burden of proving that a wrongful intent existed prior to the time suit was commenced. It cannot establish this necessary element of its cause of action by proving that a wrongful intent existed after the time suit was instituted. No supplemental Bill of Complaint was filed in the action, and therefore anything which happened after suit started was not within the issues of the case. It follows that if Appellants actually did have a wrongful intent after suit started, which was not the fact, however, this would be of no assistance to Appellee in establishing the alleged cause of action sued upon.

In any event, however, in continuing to furnish soya bean flour to Kaseno Products Co. after suit was instituted, Appellant Lilly Co. committed no wrongful act. The serving of the Bill of Complaint gave notice to Appellants that Appellee claimed that Ka-

seno Products Co. was making a glue comprising caustic soda and/or carbon bisulphide. The allegations of the Bill, however, cannot be held to charge Appellants with knowledge of the facts therein alleged. Kaseno Products Co. answered the Bill of Complaint and in its answer denied that it was infringing either patent (R. 49), and denied that it had done any act or thing, or was doing any act or thing, or proposed doing any act or thing, in violation of any *alleged* right, or otherwise, belonging to Appellee or secured to it by the letters patent in suit. (R. 65) The answer was sworn to on oath by the defendant George F. Linqvist, president and general manager of the defendant Kaseno Products Co. (R. 66-67)

The utmost that could be claimed by reason of Appellee's serving Appellants with a Bill of Complaint which charged that the defendant Kaseno Products Co. was making an infringing glue would be that such notice was sufficient to put Appellants upon inquiry. The only thing that Appellants could thereafter have done would have been to make inquiry. If the defendant Linqvist on oath stated that the defendant Kaseno Products Co. was not making an infringing glue, it necessarily follows that any inquiry made would not have resulted in knowledge of any different facts than those alleged in the answer of the defendant Kaseno

Products Co. Under these circumstances, it certainly cannot be claimed that the serving of the Bill of Complaint charged Appellants with knowledge that Kaseno Products Co. was using carbon bisulphide or caustic soda in its glues.

It will be noted that there was no allegation in the Bill of Complaint that glue could not be made from soya bean flour without the use of either caustic soda or carbon bisulphide. No such allegation could have been honestly made, for, as has been pointed out, the specifications of the patents themselves state that soya bean flour glues can be made without the use of either caustic soda or carbon bisulphide. There was no allegation in the Bill of Complaint which would in any manner suggest to Appellants that the product they were furnishing could not be used in any other way than an infringing way. Such an allegation could not have honestly been made.

Kaseno Products Co. had been making glues since 1918. (R. 208) Kaseno Products Co. first used soya bean meal to cheapen its glues in 1923. (R. 208) The meal was ground as fine as could be on the type of mill Kaseno Products Co. had in its plant. (R. 208) The product was tried out at the Elliott Bay Mill with success. Kaseno Products Co. then put in flour mill

equipment to bolt the product down to a finer mesh. (R. 208) The soya bean material was mixed with casein glue in the Elliott Bay Mill plant, there being no change in the chemicals employed in making this casein-soya bean glue over the chemicals that were employed in making casein glue. (R. 208) Soya bean flour was so used in 1923. Kaseno Products Co. had been purchasing soya bean flour from Appellant Lilly Co. since 1927 or 1928. Several of the formulas set out in the Record show that several glues made by Kaseno Products Co. did not contain either caustic soda or carbon bisulphide combined with soya bean flour. Under these circumstances, Appellants should not be required to assume that Kaseno Products Co. was violating patents granted in 1928. Under these circumstances, an allegation in Appellee's Complaint that Kaseno Products Co. was infringing the patents, which statement was denied under oath by the president of Kaseno Products Co., cannot be held sufficient to charge Appellants with knowledge that Kaseno Products Co. was actually making glues which contained caustic soda and carbon bisulphide.

The presumption is that the defendant Kaseno Products Co. was acting lawfully. Appellants were entitled to assume, especially in view of the circumstances above set forth, that the defendant Kaseno

Products Co. was acting honestly and was not infringing the patents.

Even if Appellants were skilled in the glue art, under the testimony of one of Appellee's experts, Appellants might well have assumed that Kaseno Products Co. was making a glue from isolated soya bean protein. The witness Cone testified as follows (R. 254):

“Q. In theory and from analogy with any other known adhesive bases, should not the isolated protein of seed residue flours give you a better glue than seed residue flours themselves?”

A. From a theoretical standpoint, reasoning as one skilled in the glue art and not knowing anything about soya bean flour as compared to isolated protein, I should say that from that standpoint it would seem obvious that the isolated protein would make a far superior glue.”

Not satisfied with placing its own interpretation upon testimony in the Record, Appellee goes outside the Record and baldly states to this Court that Appellants continued to supply soya bean flour to Kaseno Products Co. up to the time of the issuance of an injunction by the Trial Court. This statement is not true. Appellant Lilly Co. ceased furnishing flour to Kaseno Products Co. the instant that it had knowledge that Kaseno Products Co. was making infringing glues. This knowledge was obtained at the time

the Court's Memorandum Decision was filed. Without waiting for the entry of a Decree or the issuance of an injunction, Appellant Lilly Co. immediately ceased furnishing soya bean flour to Kaseno Products Co.

It is submitted that that portion of Appellee's argument which is based upon the Record is not sound; that the portion of the argument not based on the Record is not true; and that under the circumstances as shown, Appellant Lilly Co. was guilty of no wrongful act in continuing to supply flour after suit started. In any event, whatever intent existed after suit started, is immaterial.

**Reply to Argument Concerning Conversation Between  
I. F. Laucks and Wilmot H. Lilly.**

On page 27 of Appellee's brief, reference is made to a conversation between I. F. Laucks and Appellant Lilly which occurred April 19, 1928, at which time Mr. Laucks agreed to drop the Johnson suit if Appellant Lilly Co. would enter into a contract under which Appellee would acquire Appellant Lilly Co.'s entire output of soya bean flour for a period of one year. Appellant Lilly Co. was to give up all customers for soya bean flour and sell only to Appellee for a period of one year. This same conversation was made the

basis of argument in Appellee's brief in the Johnson Case and was fully replied to in our reply brief in that case, at pages 35 to 40.

In addition to what is there stated, it should be noted that this conversation took place approximately one year before the present action was instituted. Appellee knew at that time, and had known since April, 1926, that Kaseno Products Co. was using caustic soda and carbon bisulphide in its glues. (R. 198-199) Appellants did not know such fact. Appellee was in position to know the fact; Appellants were not. Knowing the fact, it was Appellee's duty, in fairness and equity, to so advise Appellants. Instead of advising Appellants of the fact, Appellee remained silent, yet now comes into a Court of Equity and argues that the conversation had is evidence of a wrongful intent on Appellants' part to aid Kaseno Products Co. in making soya bean flour glues comprising carbon bisulphide and caustic soda, Appellants having had no knowledge such glues could be or were being made.

**Reply to Argument Regarding "Most Conspicuous Use."**

On page 41 of its brief, Appellee quotes from the case of *Henry v. A. B. Dick Co.*, 224 U. S. 1, 56 L. Ed. 645, 664, as follows:

“ \* \* \* Undoubtedly a bare supposition that by a sale of an article which, though adapted to an infringing use, is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce. There must be an intent and purpose that the article sold will be so used. Such a presumption arises when the article so sold is only adapted to an infringing use. *Rupp & W. Co. v. Elliott*, 65 C. C. A. 544; 131 Fed. 730. It may also be inferred where its most conspicuous use is one which will cooperate in an infringement when sale to such user is invoked by advertisement. *Kalem Co. v. Harper Bros.* decided at this term (222 U. S. 55, ante, 92; 32 Sup. Ct. Rep. 20).”

Appellee lays stress on the last part of the quotation, to the effect that intent may be inferred where the most conspicuous use for the product furnished is an infringing use, and contends that the statement made by the Court “has put an end to the entire question here under consideration.”

In the Dick Case, it was established that the sale in question was made with the purpose and intent of aiding in infringement. The Trial Court said:

“These defendants are, in the facts certified, stated to have made a direct sale to the user of the patented article, *with knowledge* that under the license from the patentee she could not use the ink, sold by them directly to her, in connection with the licensed machine, without infringement of the monopoly of the patent. *It is not open*



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*to them to say that it might be used in a noninfringing way, for the certified fact is that they made the sale, 'with the expectation that it would be used in connection with said mimeograph.' The fair interpretation of the facts stated is that the sale was with the purpose and intent that it would be so used.'*

It appears, therefore, that the quotation stressed by Appellee was *obiter dictum*.

Assuming, however, for the sake of the argument, that an intent to aid in infringement *may* be inferred where the most conspicuous use for the product furnished is an infringing use, this does not aid Appellee in the instant case. Assuming that the most conspicuous use for soya bean flour was for glue making purposes, as argued by Appellee, it does not follow that the most conspicuous use was in making soya bean glues containing caustic soda and carbon bisulphide. If the question before the Court were whether or not Appellant Lilly Co. intended that the flour it furnished be used in making soya bean glue, then the fact, if it be a fact, that the most conspicuous use for soya bean flour was in making glues might enable the Court to infer such intent to furnish for glue making purposes. This, however, is not the question before the Court. Appellant Lilly Co. stipulated prior to trial that it was furnishing soya bean flour to Kaseno Prod-

ucts Co. for use by that company in making glue. Appellants have never contended that they did not know Kaseno Products Co. was making glue nor that they did not intend that the soya bean flour furnished should be used in making glue. The application of the rule contended for by Appellee would simply result in the inferring of an intent which was never denied to have existed, namely, an intent to furnish for glue making purposes. Such intent, however, is far different than an intent to aid in the making of an *infringing* glue, which was the intent necessary to establish Appellee's cause of action. The evidence does not disclose that the most conspicuous use for soya bean flour was a use which would infringe the particular patents here involved, and the rule announced in the Dick Case, therefore, is not applicable.

**Reply to Contention Regarding Insufficiency of Assignments of Error on Noninfringing Glues.**

Notwithstanding the fact that in the instant case the specifications of the patents state that soya bean glues can be made without using the particular chemicals therein claimed, Appellee asks the Court to refuse to consider evidence in the Record which shows that noninfringing glues could be and had been made. Appellee contends that our Assignments of Error were

not sufficient to allow us to raise this point or to ask this Court to consider the evidence on the same. The same argument regarding the insufficiency of Assignments of Error was made in the Johnson Case and was replied to fully in our reply brief in that case, at pages 40 to 62. The same precautions were taken by Appellants in perfecting their Record for appeal in this case as were taken in the Johnson Case.

At the close of Appellee's case in chief, each Appellant separately challenged the sufficiency of the evidence to sustain Appellee's alleged cause of action and moved the Court to dismiss the case. Exceptions to the Court's rulings were taken and allowed. (R. 206-207)

At the close of the entire case, and before the Court adopted its Memorandum Decision as its Findings of Fact and Conclusions of Law and before the entry of the Decree, each Appellant separately requested the Court to find that it had not infringed, either directly or contributorily, any one of the claims of the patents in suit which the Court held to be valid, and further requested the Court to conclude that the Complainant take nothing by its action, that the action be dismissed and that Appellants were entitled to Judgment in their favor. The requests were considered by

the Court and refused. Exceptions to the Court's ruling were taken and allowed. The requested Findings, together with the Court's rulings and allowance of Exceptions, are set out on pages 163 and 164 of the printed Transcript of the Record, and are practically identical with those quoted in our reply brief in the Johnson Case.

As held by this Court in *Societe Nouvelle d'Arme-ment v. Barnaby*, 246 Fed. 68 (C. C. A. 9th), quoted in our reply brief in the Johnson Case, these requests for general Findings and Conclusions in Appellants' favor amount to a challenge to a sufficiency of all of the evidence in the case to sustain Appellee's alleged cause of action and are sufficient to entitle Appellants to have this Court review the evidence to determine whether there was any evidence which would support the Decree.

After the requests were made and refused, and Exceptions taken and allowed, the Trial Court adopted its Memorandum Decision as its Findings of Fact and Conclusions of Law in the case. (R. 156) The Memorandum Decision of the Court is therefore incorporated in its entirety in the Decree which was entered and is a part of the Record in this case and is properly before this Court. In *Parker, et al, v. St.*

*Sure*, 53 Fed. (2nd) 706, this Court held that such procedure was a proper compliance with Equity Rule 701½.

After the Court had entered its Findings of Fact and Conclusions of Law, Appellants duly excepted to each specific Finding which was adverse to their contentions. The Exceptions were each considered by the Court and each allowed to each excepting Appellant. The Exceptions are set forth on pages 165 to 173 of the printed Transcript of the Record herein. The Court's Certificate, stating that the Exceptions were presented in open court at the time the Court signed its Decree, were each considered and each allowed, is found on page 173 of the printed Transcript of the Record. The Exceptions were practically the same as those taken in the Johnson Case and we will not again incorporate them in this brief.

Assignments of Error directed to the rulings of the Court which were claimed to be erroneous were filed prior to the allowance of the appeal. The Assignments are found on pages 173 to 184 of the printed Transcript of the Record. Practically the same errors were assigned as were assigned in the Johnson Case and as set out in our reply brief in that case. To avoid repetition, we will not repeat them in this brief.

It will be seen that the matter of the sufficiency of the evidence was challenged at the close of Appellee's case and again challenged by requests for general Findings after the close of the case and prior to the entry of the Decree. The Court's rulings were obtained and exceptions taken and allowed. The question of whether the facts found were sufficient to support the Conclusions drawn was directly brought to the Trial Courts attention, its ruling obtained thereon, and exceptions taken and allowed. The refusal of the Court to grant the motions made, the refusal of the Court to make the Findings requested, and the refusal of the Court to make the Conclusions requested, have all been separately and particularly assigned as error. The Findings and Conclusions made, and to which exceptions were taken and allowed, have likewise been separately assigned as error.

By these motions, requests for Findings, requests for Conclusions, exceptions taken and allowed and errors assigned, Appellants have preserved their right to have this Court review the evidence and determine whether or not it is sufficient to support the facts found, and also determine whether or not those facts are sufficient to establish Appellee's alleged cause of action and justify the Judgment and Decree which

were entered. We do not see how the Record could have been more carefully preserved to entitle Appellants to have this Court review the evidence and pass its judgment thereon and on the Findings and Conclusions of the Trial Court. Appellants come squarely within the holding of this Court in *Societe Nouvelle d'Armement v. Barnaby*, above cited.

Appellee now contends that our argument on non-infringing glues took it by surprise and claims that we were not fair to the Trial Court nor to Appellee's counsel, and that if counsel had known that we intended to make such argument, Appellee would have brought up additional evidence. This same contention was made in the Johnson Case and was fully replied to by us in our reply brief in that case, where we pointed out that Appellee first moved the Trial Court to strike our proposed evidence on noninfringing glues and then, when its motion was denied, took additional time to enlarge the Statement of the Evidence and include therein evidence claimed to rebut that set forth by Appellants with relation to noninfringing glues.

Although this Court is not required to look to the evidence to determine whether or not noninfringing soya bean glues can be or had been made, inasmuch as the specifications of the patents in suit recite that

such glues may be made, we saw fit, as an aid to the Court, to point out the evidence on this subject. We feel that Assignments of Error Nos. 12, 13 and 14 (R. 176-181) are sufficient in this connection, in that these Assignments were particularly directed to the finding of the Court that the stipulation and Arabol letters above referred to were sufficient to show an intent on Appellants' part to aid in the manufacture of the product claimed in Appellee's patents. Assignment No. 14 is that the Court erred in finding that the two letters, plus the stipulation, showed a wrongful intent. Assignment No. 13 is that the Court erred in holding that the two letters, plus the stipulation, were sufficient to take the case out of the rule that "one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe." These Assignments are directed particularly to the holding of the Court that the two letters and the stipulation proved wrongful intent. Under the law, one further fact was necessary, namely, that there were no noninfringing uses for soya bean flour. In our brief we pointed out that the evidence did not show this fact and we carried the argument one step further and showed that



there were several such noninfringing uses and that several noninfringing soya bean glues had been made.

The following cases, quotations from which are set forth in our reply brief in the Johnson Case, are authority for the statement that broader Assignments of Error than those actually made would necessarily have been argumentative:

*Randolph v. Allen*, 73 Fed. 23;

*Atchison, T. & S. F. R. Co. v. Meyers*, 76 Fed. 443.

It will be noted that the Court made no finding that there were no noninfringing uses for soya bean flour nor that there were no noninfringing soya bean glues which could be made from soya bean flour. Such a finding was necessary in order to enable Appellee to recover in this case, inasmuch as the evidence did not show any actual wrongful intent. Appellee made no request for such a finding, and is therefore in no position to urge this Court to make the same. If this Court were to make any finding in the premises, it is submitted that the evidence in the Record would necessarily require a finding that there are several noninfringing uses for soya bean flour and that several noninfringing soya bean glues can be made. It is also submitted that our Assignments of Error are sufficient to justify us in pointing out to the Court the nonin-

fringing soya bean glues shown in the Record and to have this Court consider the evidence with relation thereto.

**Reply to Contention That Assignment of Error Regarding Awarding of Costs Not Sufficient.**

As in the Johnson Case, Appellee again urges upon this Court that an unfair advantage was taken of it and that Appellants were not fair to the Trial Court because of a failure to sufficiently assign error on the entering of Judgment against Appellants for costs. Appellee's position is that if it had known Appellants intended to claim that no costs should be allowed because of Appellees failure to file a disclaimer in connection with the Caustic Soda Patent before suit started, it would have incorporated into the Record additional evidence to meet such contention. This position is entirely without merit.

On page 268 of the printed Transcript, Appellants' Exceptions and Objections to the Cost Bill filed by Appellee are set forth. Appellants' objection specifically states that it is "upon the ground and for the reason that under Section 4922, Revised Statutes, the plaintiff is not entitled to costs herein." On page 171 of the printed Transcript, Exception No. 25 recites that the excepting defendants except to the eleventh

paragraph of the Decree, wherein the Court awards costs to the plaintiff, "upon the ground and for the reason that under the law the plaintiff having filed disclaimers after suit brought was not entitled to costs in any event." The Exception was considered by the Court and allowed. (R. 173) Appellants' Assignment of Error No. 20 is directed to the entering of Judgment against defendants for costs. (R. 184) At page 126 of its brief, Appellee points out that the authorities cited in Appellants' brief, with relation to the filing of a disclaimer after suit brought, on the question of costs, were the same authorities cited by Appellants to the Trial Court.

Notwithstanding the foregoing, Appellee now urges that it is unfair for Appellants to raise this point, that the Assignment of Error thereon is not sufficient, and that if Appellee was not thus taken by surprise, it would have incorporated into the Statement of the Evidence evidence now claimed to rebut that set forth by Appellants.

As to the merits of the question, it is set forth in the specification of the Caustic Soda Patent (R. 70) that the patentees have discovered "that by subjecting the same to proper treatment, such *vegetable proteins* or *vegetable matter containing proteins* in proper

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amount can be converted into a water-proof glue that will satisfy the rigid requirements of veneer or plywood making." The specification further states:

"We do not, however, wish to limit ourselves to *soya bean flour* or to *vegetable protein derived from this source*, for we have made satisfactory glue by our improved process from similar seed flours, or *protein matter* derived from such, \* \*."

Of the four claims held valid by the Trial Court, Claim 8 is the only one which expressly covers "soya bean flour." Claims 2, 4 and 6, instead of naming soya bean flour, specify "the reaction products of soya bean flour." Under the teaching of the specifications, this designation would include soya bean protein.

In its Memorandum Decision, which the Trial Court adopted as its Findings of Fact and Conclusions of Law, the Trial Court stated (R. 122):

"The plaintiff, after the commencement of these suits, disclaimed chemically isolated protein. No other practical method of isolation has been shown."

Referring to certain publications of Dr. Satow, which it was claimed anticipated the Caustic Soda Patent in that they taught the use of caustic soda with soya bean protein in making glue, the Trial Court found (R. 139):

"The two publications of Dr. Satow, claimed by defendants to anticipate the Johnson patent, they

also contend anticipate the caustic soda patent and further contend that certain other published articles by Dr. Satow anticipate the caustic soda patent. In the particular in question these articles disclose nothing further than *the use of protein*, and do not anticipate the caustic soda patent.”

Notwithstanding the fact that the Trial Court found that there was no practical method of isolating the protein of the soya bean except by chemically isolating the same, Appellee now goes beyond the Record and argues to this Court that the Trial Court might have refused to disallow costs because the soya bean protein glue described in the specification of the Caustic Soda Patent was to be made from “mill extracted” protein. At page 119 of Appellee’s brief, it states:

“There is a vast difference between (A) ‘mill extracted’ or ‘mill purified’ protein of soya bean, a condition which can be brought about by ‘mill processed’ and (B) ‘chemically isolated’ or ‘chemically extracted’ protein, which was the subject matter of the disclaimer. By the term ‘isolated protein’ may be intended either ‘mill extracted protein’ or ‘chemically extracted protein.’ The disclaimer related solely to ‘chemically extracted’ or ‘chemically purified’ protein. A great deal of evidence was introduced in the Trial Court covering this exact distinction, not one word of which is shown in this record. Appellants’ statements ignore this distinction.”

The Trial Court evidently did not take much stock in the “great deal of evidence \* \* covering this exact

distinction." The protein glue taught and claimed by the patent was a glue made from chemically isolated protein, as no other practical method of isolating the protein is known.

It will be noted that R. S. 4922 provides that "whenever, through inadvertence, \*\*\* a patentee has, *in his specification*, claimed to be the original and first inventor or discoverer of any material or substantial part of the thing patented, of which he was not the original and first inventor or discoverer, \* \* \*," he may bring suit on the patent "notwithstanding the *specifications* may embrace more than that of which the patentee was the first inventor or discoverer." The statute expressly provides, however, that "in every such case in which a judgment or decree shall be rendered for the plaintiff, no costs shall be recovered unless the proper disclaimer has been entered at the Patent Office before the commencement of th suit."

It is apparent from the Findings of the Court above set forth that the disclaimer filed in connection with the Caustic Soda Patent was filed in order to save that patent. In the specification, the patentees claimed they had discovered that caustic soda combined with soya bean protein, or other vegetable protein, resulted in the production of a satisfactory glue.

The patentees, however, in view of the Satow publications, were not the first inventors or discoverers of that fact. A disclaimer of what was thus mistakenly or inadvertently claimed was filed under the provisions of the statute. The situation is one squarely contemplated by the statute and, under the statute, Appellee should not have been awarded costs in any event.

**Reply to Contention That No Proof of Wrongful Intent Necessary.**

Having failed to prove an actual intent on Appellants' part to aid Kaseno Products Co. in making glues which infringed the claims of the patents here involved, that is, glues comprising soya bean flour, caustic soda and carbon bisulphide, Appellee now argues that it was not necessary to establish such intent to entitle it to profits and damages from Appellants.

Appellee's argument in this connection is that inasmuch as Appellant Lilly Co. continued to furnish soya bean flour to Kaseno Products Co. after suit on the Johnson Patent was commenced, this shows an intent on Appellants' part to aid Kaseno Products Co. in infringing Claims 3 and 7 of the Johnson Patent; that having thus furnished soya bean flour with the intention of aiding in an infringement of Claims

3 and 7 of the Johnson Patent, Appellants were guilty of contributory infringement of those two claims and were therefore tort-feasors; that being tort feasors in the furnishing of the flour in the first instance, Appellants are liable for any and all wrongful uses Kaseno Products Co. might thereafter make of the flour wrongfully furnished, and are therefore liable for the particular use made which infringed the claims of the two patents involved in this case; that having wrongfully set a damaging force in motion, that is, having wrongfully supplied Kaseno Products Co. with soya bean flour, Appellants are liable for any subsequent damage done by such force, that is, are liable for any damage done as the result of any use made by Kaseno Products Co. of the soya bean flour wrongfully furnished; and that Appellants are therefore liable in profits and damages resulting from the manufacture and sale by Kaseno Products Co. of glues comprising caustic soda and carbon bisulphide; and this regardless of whether or not Appellants intended to aid Kaseno Products Co. in making such infringing glues.

The entire argument is predicated on the contention that Appellant Lilly Co. committed a tort in continuing to supply Kaseno Products Co. with soya bean flour after the Johnson suit was started. The point



on which the entire argument is predicated is stated on page 51 of Appellee's brief as follows:

“\* every sale of soya bean flour to Kaseno Products Co. after the commencement of the ‘Johnson’ suit was a tortious and fraudulent act on the part of the appellants and by them known and intended to be such.”

In our reply brief in the Johnson Case, we have shown that Appellant Lilly Co. did not act wrongfully in continuing to supply flour after suit commenced. We have shown that although in the Bill of Complaint it was claimed that Kaseno Products Co. was making a glue which infringed the Johnson Patent, Kaseno Products Co. in its answer flatly denied the allegation. The answer, sworn to on oath by the president and general manager of Kaseno Products Co., stated that that company had not made, was not making nor did not intend to make, a glue which infringed the patent. The Complaint did not allege that glues could not be made from soya bean flour without infringing the patent.

Kaseno Products Co. had been making glues since 1918. (R. 208) Kaseno Products Co. first used soya bean flour in its glues in 1923. (R. 208) Kaseno Products Co. had made glue from isolated soya bean protein. (R. 211) As was testified by Appellee's witness Cone (R. 254):

“From a theoretical standpoint, reasoning as one skilled in the glue art and not knowing anything about soya bean flour as compared to isolated protein, I should say that from that standpoint it would seem obvious that the isolated protein would make a far superior glue.”

Appellee strenuously insists that the Johnson Patent did not teach an isolated protein glue and Appellee has disclaimed such glue from the specification and claims of the patent. Might not Appellant have reasonably assumed Kaseno Products Co. was making an isolated soya bean protein glue?

Appellee made no attempt to establish that glues could not be made from soya bean flour without infringing Claims 3 and 7 of the Johnson Patent. The evidence proved just the contrary. While Kaseno Products Co. had actually made an infringing glue prior to the time suit was started, as found by the Trial Court, the evidence does not show that Kaseno Products Co. made any such infringing glue after suit was commenced.

Under all of the circumstances, therefore, Appellants were entitled to presume that Kaseno Products Co. was acting lawfully and that it was not making an infringing glue. Appellants were entitled to assume that Kaseno Products Co. was using the flour furnished it by Appellant Lilly Co. in a noninfring-

ing manner. The presumption is that Kaseno Products Co. was acting honestly. The evidence does not show, and the Trial Court did not find, that Kaseno Products Co. made an infringing glue after the Johnson Case was instituted.

It is seen, therefore, that by continuing to furnish soya bean flour after the Johnson suit was started, Appellants committed no tort. Appellant Lilly Co. did not continue to furnish the flour *with the intention and for the purpose* of bringing about its use in Appellee's patented combination, and was therefore not guilty of contributory infringement of the Johnson Patent. The contention on which Appellee's entire argument is predicated is not well founded, and its argument must therefore fall.

The argument is also predicated on the further contention that every soya bean glue manufactured by Kaseno Products Co. infringed Claims 3 and 7 of the Johnson Patent. Appellee states on page 93 of its brief, in support of its argument:

“In the ‘Johnson’ brief we clearly pointed out that every formula that Kaseno Products Co. used, as shown by the printed record, was an infringement of claims 3 and 7 of the ‘Johnson’ patent, because every formula used soya bean flour plus sodium fluoride and lime, or equivalents of sodium fluoride and lime, and *therefore*

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*all the soya bean glue manufactured and sold by Kaseno Products Co. up to the date of trial infringing claims 3 and 7 of the 'Johnson' patent."*

The same contention is made in support of the argument at page 94 of its brief, where Appellee states:

*"In other words, every ton of soya bean glue that Kaseno Products Co. sold from the time they started to make glue, back in 1924, down to the trial, and even down to the granting of the injunction on July 11, 1932, were glues all of which infringed claims 3 and 7 of the 'Johnson' patent, and perhaps a greater portion of which infringed the 'Caustic Soda' and 'Carbon Bisulphide' patents as well."*

The above quotations are rather bold statements of counsel. They are not supported by the Record nor by any evidence introduced at the trial. The statements are not correct statements of fact and are not in accord with a positive finding of the Trial Court. The testimony of the witness Laucks is pertinent in this connection. The witness testified as follows (R. 242):

*"Our first glue was made in 1923 with caustic soda as such, and for a year or so we tried to introduce that glue. Along in 1925 we put out a ready mixed glue and we worked for a year or so trying to introduce ready mixed glues. After a struggle of a year or so we went back to caustic soda. That is what I mean by the reintroduction of caustic soda along in the latter part of 1926 or early 1927. A ready mixed glue is a double decom-*

position glue with which nothing has to be added at the plant except water. We did not put out a double decomposition glue until 1925. *Johnson teaches only a double decomposition glue made from soya bean meal or flour.*”

The Trial Court found (R. 139):

“Aside from the presumption of validity of the patent in suit and from the presumption arising from *the fact that the caustic soda glues drove out the double decomposition glues of Johnson*, the foregoing shows that Johnson did not anticipate the patent in suit in this respect.”

The contention made that the chemicals caustic soda and carbon bisulphide are added to the double decomposition glue taught and claimed by Johnson is not supported by the evidence and the finding of the Trial Court is to the contrary. Caustic soda, as such, instead of being added to the double decomposition glue taught by Johnson, is used in place of the double decomposition chemicals he taught. Glues made by the use of caustic soda, as such, replaced the double decomposition glue taught by Johnson. As found by the Trial Court, glues made under the Johnson Patent were driven out by glues made under the Caustic Soda Patent. There is no foundation, in truth or in fact, for the statement made by Appellee that every glue made by Kaseno Products Co. infringed claims 3 and 7 of the Johnson Patent. Kaseno Products Co.,

by making caustic soda glue, helped drive out the Johnson glue.

Appellee's entire argument with relation to chemical equivalents of the sodium fluoride and hydrated lime claimed by Johnson is without merit. Under the finding of the Trial Court, whether the double decomposition glue taught by Johnson was made with sodium fluoride and lime or whether it was made with chemicals now claimed by Appellee to be the equivalents of sodium fluoride and lime, is immaterial. The Trial Court expressly found that glues made by the use of caustic soda, as such, drove out the double decomposition glues of Johnson. The glue claimed by Johnson was replaced by glue made under the caustic soda patent.

We have shown in our reply brief in the Johnson Case that the chemicals now claimed by Appellee to be the equivalents of sodium fluoride and lime, claimed by Johnson, are not equivalents as claimed. This was shown by the testimony of the witness Laucks, which refuted the testimony of the witness Wood, called by the defendant Kaseno Products Co. We have pointed out that even if it could be found that the chemicals used in the formulas set out in the Record were the equivalents of those claimed by Johnson,

there is no pretense that the Record sets forth all of the formulas used either by Kaseno Products Co. or Appellee. The Court made no finding of chemical equivalents and Appellee requested no such finding. It is not, therefore, in position to request this Court to make such finding and, having made the same, to further find that "every ton of soya bean glue that Kaseno Products Co. sold infringed claims 3 and 7 of the Johnson patent."

The fact is that the formulas in the Record, which were pointed out in our opening brief, do not contain chemical equivalents of those claimed by Johnson. The fact is that the glue which the Trial Court found infringed Claims 3 and 7 of the Johnson Patent did contain the specific chemicals covered by the claims, and the Trial Court based its finding of infringement on this particular glue. The particular glue thus found to infringe was a glue manufactured prior to the time the Johnson suit was started. The Record does not show any such glue made by Kaseno Products Co. since.

It is seen, therefore, that the second contention on which Appellee's argument is based, namely, that all glues manufactured by Kaseno Products Co. infringed Claims 3 and 7 of the Johnson Patent, is not well founded and the argument must necessarily fall.

It is easily seen why Appellee, in an endeavor to hold Appellants for profits and damages resulting from glues made under the Caustic Soda and Carbon Bisulphide Patents, relies upon the rule announced in the "Squib Case," and similar authorities. As is pointed out by Appellee, the particular chemicals caustic soda and carbon bisulphide are not added to soya bean glues by the glue manufacturer but are added at the veneer plants where the glue is used. Appellee states on page 103 of its brief:

"There was nothing secret about the addition of caustic soda and carbon bisulphide. They were liquids added at the veneer plants, open to all to know."

The glues made by Kaseno Products Co. did not infringe the patents here involved until caustic soda and carbon bisulphide had been added by the users of such glues. To sustain its claim for profits and damages, Appellee was compelled to call to its assistance the rule of the "Squib Case." Appellee argues that Appellant Lilly Co. wrongfully furnished soya bean flour to Kaseno Products Co.; that Kaseno Products Co. wrongfully made therefrom a glue which infringed Claims 3 and 7 of the Johnson Patent; that Kaseno Products Co. sent this infringing glue to the veneer plants and that caustic soda and carbon bisulphide were there added to the glue. The particular damage,



so far as the patents here involved are concerned, was the addition of caustic soda and carbon bisulphide at the veneer plant. To hold Appellants liable for this damage, Appellee was compelled to resort to the "Squib Case."

Assuming, for the sake of argument, that the contentions made by Appellee are correct and that Appellants actually intended to aid Kaseno Products Co. in infringing Claims 3 and 7 of the Johnson Patent, and that every glue made by Kaseno Products Co. infringed these claims of the Johnson Patent, and that therefore every glue to which caustic soda and carbon bisulphide were added was in the first instance a glue which infringed Claims 3 and 7 of the Johnson Patent, Appellee nevertheless does not make out a case under the rule of the "Squib Case."

To be liable under the rule contended for, one must put in motion a "damaging force." A lighted squib is such a force. The person who lights it necessarily knows that when lit it is a dangerous instrumentality. Having turned loose a dangerous instrumentality, something which is in itself inherently dangerous and from which injurious results will naturally follow, he is liable for all damages which in ordinary natural sequence flow from his initial wrongful act. That soya

bean flour, an ordinary article of commerce, is not an inherently dangerous instrumentality needs no argument. Soya bean flour is not a damaging force. A flour milling concern putting soya bean flour on the market does not put in motion a damaging force. Soya bean flour cannot, by any analogy, be likened to a lighted squib.

Furthermore, the only damages for which an initial wrongdoer is liable, under the authorities cited by Appellee, are those that *naturally flow from* the tort initially committed. The damages for which he is liable are only those which flow from his initial wrongful act "by ordinary natural sequence." The initial wrongdoer is responsible because "the result proximately follows his wrongful act." Damage caused by Kaseno Products Co.'s act in using with the soya bean flour furnished, the particular chemicals caustic soda and carbon bisulphide, was not such damage as would naturally flow from Appellant Lilly Co.'s act in furnishing the flour. The injurious result complained of was not one which flowed from the initial act by ordinary natural sequence. The infringing act of Kaseno Products Co. was not a result which proximately followed the act of Appellant Lilly Co. in supplying the flour. The only natural result which would flow from Appellant Lilly Co.'s act in furnishing flour would be that

Kaseno Products Co. would use the flour in making glue. It would not be the ordinary natural sequence of the act, that Kaseno Products Co. would wrongfully use the flour in making glue covered by the claims of the patents here involved. The use of caustic soda and carbon bisulphide by Kaseno Products Co. is not a result which would proximately follow the furnishing of the flour. The making of an infringing glue would not proximately follow the furnishing of the flour. The making of a noninfringing glue would so follow.

It is submitted that Appellee's contention that under the rule of the "Squib Case," and similar authorities, it could recover profits and damages without establishing a wrongful intent on the part of Appellants to aid in infringing the claims of the patents here involved, is not well founded in fact or in law.

**Reply to Contention That Duty Was Upon Appellants  
to Determine Whether Kaseno Products Co. Was  
Licensed Under the Patents.**

On page 47 of its brief, citing the case of *New York Scaffolding Co. v. Whitney*, 224 Fed. 452, as authority, Appellee contends that it was Appellant Lilly Co.'s duty, before furnishing soya bean flour to Kaseno Products Co. was licensed to manufacture soya

bean glues under Appellee's patents. The case cited is not authority for the contention made. If Appellants actually knew that the glue made by Kaseno Products Co. was an infringing glue, and actually intended to aid and assist Kaseno Products Co. in making such glue, then, under the rule announced in the *Whitney* Case, the duty would have been upon Appellants to determine whether or not Kaseno Products Co. was licensed to make such glue. The doctrine of the *Whitney* Case is only applicable where the person furnishing one element of a patented combination knows that such element is to be used in the particular combination which, if unlicensed, will be an infringement. In such a case, the person furnishing the element will not be heard to say that he assumed that the person who made the completed combination was licensed to do so by the owner of the patent. Knowing that the completed article, if unlicensed, will be an infringement, the duty is upon the person furnishing the single element to determine whether or not the completed combination is licensed.

In the instant case, Appellants did not know that any glue made by Kaseno Products Co. contained the chemicals covered by the patents in suit. Appellants did not know that the glue made by Kaseno Products Co., if unlicensed, would be an infringement of Ap-

pellee's patents. Appellants were not advised by Appellee or by any other person that the glue which Kaseno Products Co. was making was an infringing glue. Under these circumstances, it is submitted that there was no duty on Appellants' part to ascertain whether or not Kaseno Products Co. was licensed under patents of which Appellants had no knowledge.

### CONCLUSION

The only question before this Court on the merits of the case is whether or not the evidence showed that either or both Appellants were guilty of contributory infringement of the claims of the Caustic Soda and Carbon Bisulphide Patents held valid by the Trial Court. To be guilty of contributory infringement of these claims, as the Trial Court held, Appellants must have furnished to the defendant Kaseno Products Co. the soya bean flour, which was furnished, with the intention that the flour so furnished would be used by the defendant Kaseno Products Co. in making glues containing soya bean flour and either or both caustic soda and carbon bisulphide.

As we have pointed out, the patentees themselves state in the specifications of the respective patents that soya bean flour glues can be made, and have been made, without the use of the respective elements claimed,

namely, caustic soda and carbon bisulphide. In our opening brief, we pointed out to the Court the evidence in the Record which actually showed that Appellee itself and the defendant Kaseno Products Co. had made and sold glues not covered by either patent. We have pointed out that no attempt was made by Appellee, either in its pleadings or proof, to establish that noninfringing soya bean glues could not be made.

Under the circumstances shown, the burden was upon Appellee to establish by affirmative evidence its cause of action as alleged, namely, that Appellants *intentionally* and *knowingly* aided Kaseno Products Co. in infringing the patents. The only proof which would suffice in this connection would be proof of an actual wrongful intent to so aid and assist. We have attempted to point out in this reply brief that the evidence claimed by Appellee to prove the necessary actual wrongful intent was no proof whatever of the fact. There was no evidence in the case to sustain the cause of action sued upon.

Appellants are no more liable for contributory infringement of the claims here involved, by reason of having supplied soya bean flour to Kaseno Products Co., than is the city which furnished the water with which the infringing glues were made. Water is just

as essential an element in glue made under the patents as is soya bean flour, yet both the water and the flour may be used in various ways, none of which would constitute infringement. Appellee could not hold the furnisher of the water liable for contributory infringement without affirmatively proving an actual wrongful intent to aid in infringement. Appellants are in no different position in this connection than the city which furnished the water. The situation would be different as to a concern which knowingly furnished Kaseno Products Co. with the particular chemicals covered by the patents, for use in making glue from soya bean flour. It is significant to note that the concern which furnished the chemicals which were the essential elements of the patented combinations was not made a party defendant.

There was no proof that Appellant Lilly, as an individual, ever acted outside the scope of his official duties as president and general manager of Appellant Lilly Co. The only act charged against him was his refusal, on behalf of Appellant Lilly Co., to enter into the deal Mr. Laucks proposed shortly after the Johnson suit was started. We have shown that his actions in this connection were not wrongful, and furthermore such actions were taken in behalf of the corporation by which he is employed. While under the decision of

this Court in *Claude Neon Electrical Products, Inc., v. Brilliant Tube Sign Co., et al*, 48 Fed. (2nd) 176, it was held that officers of a corporation are proper parties to an infringement suit in so far as injunctive relief is concerned, the case did not hold that an officer of a corporation is liable in damages solely because of his being such officer. Under the later authorities on this subject, as pointed out in our opening brief, an officer of a corporation should not be held individually liable unless he acts outside the scope of his official duties.

Appellee's repeated statements that Appellants did not cease furnishing soya bean flour to Kaseno Products Co. until the issuance of the injunction by the Trial Court is not a correct statement of fact. Appellant Lilly Co. did not make a single sale of soya bean flour to Kaseno Products Co. after it knew Kaseno Products Co. was infringing Appellee's patents. This knowledge it obtained for the first time when the Trial Court's Memorandum Decision was filed. Immediately upon being advised of the decision, and without waiting for the entry of a Decree or issuance of any injunction, Appellant Lilly Co. ceased furnishing the flour. It is apparent, therefore, that there is no reason why the injunction issued by the Trial Court should not be set aside.



Appellee was successful in the Trial Court in having essential claims of its respective patents adjudged to be valid and infringement thereof enjoined. Appellee was successful in having a Decree entered which gives to it the monopoly provided by the Patent Laws. Appellee was successful in obtaining Judgment against Kaseno Products Co. and its president, George F. Linquist, for all profits and damages resulting from all infringing acts committed, whether committed prior to the institution of suit or subsequent thereto. Not satisfied with these awards of the Trial Court, Appellee endeavors to hold Appellants, who acted entirely innocently in the matter, liable for all such profits and damages. It is submitted that the evidence does not entitle Appellee to what it now asks.

For the several reasons pointed out, it is urged that the Trial Court's Decree was erroneous and that the Bill of Complaint as to Appellants should be dismissed.

Respectfully submitted,

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*Solicitors for Appellants.*



No. 7084

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IN THE  
**United States**  
**Circuit Court of Appeals**  
For the Ninth Circuit

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CHAS. H. LILLY CO., a Corporation, WILMOT H.  
LILLY, KASENO PRODUCTS CO., a Corpora-  
tion, and GEORGE F. LINQUIST,

*Appellants,*

*vs.*

I. F. LAUCKS, INC., a Corporation,

*Appellee.*

---

Upon Appeal from the District Court of the United  
States for the Western District of Washington,  
Northern Division.

---

**Second Answering Brief of Appellee**

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No. 7084

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---

Upon Appeal from the District Court of the United  
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Northern Division.

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## Second Answering Brief of Appellee

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### I. INTRODUCTION.

We will continue to adopt the same character of references as was adopted by both the Appellants and Appellee in their opening briefs.

While the Reply Brief of Appellants contains many inaccurate and misleading statements unsup-

ported by the record, it will serve no good purpose to categorically itemize the same. During our argument we will from time to time direct the Court's attention to the more flagrant of these errors.

It will be observed that in the Appellants' Reply Brief in this case, the same as in their Reply Brief in Cause No. 7083, no practical attempt has been made to answer the authorities cited by the Appellee in his Answering Brief.

## II. ARGUMENT.

### 1. **Intent and Burden of Proof—Admission of Intent by Appellants.**

On page 36 of their Reply Brief Appellants make the following statement:

“Appellants have never contended that they did not know Kaseno Products Co. was making glue nor that they did not intend that the soya bean flour furnished should be used in making glue. The application of the rule contended for by Appellee would simply result in the inferring of an intent which was never denied to have existed, namely, an intent to furnish for glue making purposes.”

This admission on the part of the Appellants is in keeping with the findings of the Trial Court, where, in the Memorandum Decision, the Court states (R. 154):

“The stipulation and letters show that it was the intent of these defendants that the article

sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions."

## 2. Scope of "Johnson" Patent.

As shown in Appellee's Second Answering Brief in Cause No. 7083:

"The invention of the 'Johnson' patent was and is the discovery by the patentee that soya bean residue (that is, the whole residue of the soya bean after the oil has been extracted) may be used as an adhesive base. In other words, the patentee discovered *a new adhesive base \* \* \**. The result of this discovery was the foundation of a new industry."

The claims of the "Johnson" patent covered broadly the use of the whole residue of the soya bean, after the oil had been extracted, when finely ground, and the same used as an adhesive base for the manufacture of adhesives or glues. Therefore, any one who manufactured, used or sold a glue or adhesive which used the finely ground residue of soya bean as its adhesive base, infringed the claims of the "Johnson" patent.

The Trial Court stated in its Opinion (R. 126):

"Defendants further contend that the patent is void because of lack of invention in view of the known state of the art and that it was directly anticipated by certain patents and publications. \* \* \*"

After several pages of considering the prior art stressed by the Appellants, he came to the conclusion that none of the said prior patents or prior publications did anticipate the patent in suit.

As we have heretofore stated, the Trial Court found that none of the claims in suit of the "Johnson" patent in Cause No. 7083, had been anticipated by the teachings of the prior art, and it will be observed that the Trial Court did not find one single claim in suit of the "Johnson" patent, invalid; nor did he make any attempt to restrict or circumscribe the discovery which the patentee of the "Johnson" patent claimed as new and patentable.

Therefore, it follows broadly that the use by the Kaseno Products Co. of the finely ground residue of the soya bean as an adhesive base was an infringement of every claim in suit of the "Johnson" patent. (Claim 8 was not in suit and was held invalid.) This is borne out by the finding of the Trial Court, where he says (R. 154):

"The stipulation and letters show that it was the intent of these defendants that the articles sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions."

Claims 3 and 7 of the "Johnson" patent, found by the Trial Court to be specifically infringed, used

the finely ground residue of the soya bean as their glue base.

### **3. The Sale of Glue Base of Appellee's Patented Combination a Wrongful and Tortious Act.**

The Trial Court found (R. 154) that such use by the Kaseno Products Co. constituted a wrongful and tortious act. The Trial Court further found that the Appellants *intended* that the article sold by them should be used in the manufacture of this infringing article and therefore the Trial Court found that the furnishing of the finely ground residue of the soya bean, i. e., soya bean flour, by the Appellants was a wrongful and tortious act. The finding of the Trial Court determined the nature and character of the acts performed by the Kaseno Products Co., as to its use of the finely ground residue of the soya bean as an adhesive base, prior and subsequent to the commencement of the "Johnson" suit, and finds that all of such acts were wrongful and tortious. The Trial Court then goes a step further and finds that it was the intent of "Appellants Lilly and Lilly Co." that the article then sold by them, i. e., soya bean flour, to Kaseno Products Co., should be used by the Kaseno Products Co. in carrying out its wrongful and tortious act, and judicially determined that the acts of the Appellants in so doing constituted a tortious and wrongful act.

There can now be no contention raised that this finding of the Trial Court was incorrect for the Appellants on page 36 of their Reply Brief, as hereinabove quoted, specifically say they intended at all times that the soya bean flour furnished by them to the Kaseno Products Co. should by the Kaseno Products Co. be used in making glue. Therefore, it follows that the Appellants intended to perform a tortious and unlawful act prior to the commencement of the "Johnson" suit, which tortious and wrongful act at all times continued down to the day of the finding of the Trial Court in its Memorandum Decision on June 15, 1932. This admission is found on pages 31 and 32 of their Reply Brief, where they say that the Appellee was wrong in charging the Appellants with continuing their wrongful and tortious acts until the day of the issuance of the injunction, but state that they ceased furnishing soya bean flour to Kaseno Products Co. as soon as the Memorandum Decision was filed. Both of these statements were outside the record. If the facts stated by the Appellants are true, then the statement of Appellee is in error to the extent of 26 days, the Memorandum Decision having been filed on June 15, 1932, and the Decree having been signed on July 11, 1932. Suffice it to say that the admission of the Appellants brings the performance of their tortious and wrongful acts down to the day of the sign-



ing of the Findings of Fact and Conclusions of Law by the Trial Court.

It must further be remembered that the Appellants are not on this appeal questioning the validity of any of the claims of the "Johnson" patent. Therefore, the Court for the purpose of this appeal must now consider every claim of the "Johnson" patent placed in suit as valid. The Trial Court found that none of them in suit had been anticipated. This Court should conclude (a) because of the finding of the Trial Court, and (b) because of the admissions of the Appellants as shown on page 36 of their Reply Brief, that the Appellants at all times had the *intent* to furnish to the Kaseno Products Co. soya bean flour ground to glue specifications, for the purpose of manufacturing a glue, and that in view of the formulae used by Kaseno Products Co. (see Second Answering Brief, Cause No. 7083, p. 23) every pound of such glue which used the soya bean flour so furnished as a glue base infringed every claim of the "Johnson" patent placed in suit.

#### **4. "Damaging Force" Was Wrongful Sale of Soya Bean Flour for a Glue Base.**

Therefore, the *intent* having been determined both by judicial finding and by admission of the Appellants, they were at all times committing a wrong-

ful and tortious act in the furnishing of such soya bean flour to Kaseno Products Co. for the manufacture of a glue. Such furnishing of soya bean flour to Kaseno Products Co. was wrongful, and by so furnishing the same the Appellants put into motion a "damaging force." Appellants attempt to answer the argument of the Appellee in this regard, found in the Answering Brief of the Appellee on pages 50 to 57, by saying (Reply Brief, pp. 57-61) that soya bean flour in itself was not of such physical nature as was possible to constitute a damaging force, and therefore the law of the "*Squib*" case and subsequent authorities was not applicable. The force of this argument scarcely commands sufficient dignity to necessitate an answer. Such character of argument does not meet the issue head-on—it ignores authorities. It is merely a weak attempt to avoid the issue.

Appellants take exception to the term "damaging force", but this term is used by the Circuit Court of Appeals, 7th Circuit, in an infringement patent suit in the authorities cited in Appellee's First Answering Brief, page 44, in the same sense as used by the Appellee in its argument.

It is the nature and character of the act, coupled with the physical matter involved, that constitutes the damaging force. Here the furnishing of the soya bean flour to the Kaseno Products Co. alone made possible

the commission of the tortious and wrongful acts of the Kaseno Products Co. The Kaseno Products Co. could not have made its infringing glue without the soya bean flour. As stated by Mr. Linquist (R. 215-216) from 1924 to 1929 the glue manufactured by the Kaseno Products Co. contained at least 52% soya bean flour and in certain of the formulae the soya bean flour used in the glue base was as high as 96%. The furnishing of this soya bean flour to the Kaseno Products Co. with the intent that it should be made into glue was the tortious and wrongful act, and was the "damaging force" set into motion by Appellants, and was so set in motion knowingly and intentionally, and with the further intent that it should be so wrongfully used.

**5. Appellants Legally Presumed to Have Intended All the Legal Consequences of Their Acts.**

True, Appellants now state that at the time of furnishing such flour they only intended that it should be used in the making of a glue; that they did not know that the making of such glue was a wrongful thing. But this argument does not avail them anything. As cited in our First Answering Brief (p. 44), the Circuit Court of Appeals for the 2nd Circuit, in reversing the lower court, said:

*"Doubtless defendant did not think it would infringe by buying where it did, but it is legally*

*presumed to have intended all the legal consequences of what it did. This suit is one of those consequences. \* \* \**

*Mueller Co. vs. A. Zeregas Sons*, 12 Fed. (2d) 517, 519 (C. C. A. 2).

The Trial Court has found that the thing that they did do was at the time of its doing a wrongful thing. Therefore, it was wrong at the time they did it. Appellants say they intended to do the act but they did not know it was wrongful. Morally, this argument might have some force, if the Appellants had ceased the commission of such wrongful acts after having been advised of the wrongful nature and character of the acts by the Bill of Complaint served upon them in Equity Cause No. 7083. This they did not do. Appellants attempt to waive this aside by saying, (a) that a bill of complaint served upon them charging them with wrongful acts did not constitute notice; (b) that the writing to them of the letter by the Appellee under date of November 16, 1928 (R. 108) did not constitute notice, although in said letter they were notified of the issuance of the "Carbon Bisulphide" and "Caustic Soda" patents and charged with the further knowledge that this letter was written as a legal notice under the advice of counsel, that the rights of the Appellee under these patents would be protected, and that the Appellee would have recourse to due process of law to enforce these rights against

unlicensed manufacturers, sellers and users of glue embodying the inventions covered by the above identified patents, and against all contributory infringers.

We submit that the fact of the sending of this letter, coupled with the fact that the Appellants had been sued for contributory infringement under the "Johnson" patent constitutes such full and complete notice to the Appellants that, the further sale by them of soya bean flour to the Kaseno Products Co. with the intent that it be used as a glue base, would make them liable as contributory infringers of said patent, and would deprive them of any excuse on the ground of lack of knowledge. They are legally presumed to have intended all the legal consequences of their act.

But carrying the matter a step further, after the serving of the Bill of Complaint in the case at bar, wherein they were actually charged with their unlawful acts, Appellants still do not cease the commission of such wrongful acts, but continue in their performance until the day of the signing of the Memorandum Decision, to-wit, June 15, 1932. Appellants attempt to avoid the legal consequences of such act by saying that they relied upon the sworn answer to the Bill of Complaint signed by Mr. Linqvist of the Kaseno Products Co. wherein it was stated that the Kaseno

Products Co. was not infringing the claims of the "Carbon Bisulphide" and "Caustic Soda" patents.

As cited in our First Answering Brief (p. 44) the Circuit Court of Appeals for the 2nd Circuit, in reversing the Lower Court, said:

*"Doubtless the situation is annoying, perhaps even distressing, for defendant; but if persons who put faith in manufacturers of infringing articles are to be protected by their faith from accounting to the real owners of what they buy, a very easy path is open for the aborting of most patent suits."*

*Mueller Co. vs. A. Zeregas Sons*, 12 Fed. (2d) 517, 519 (C. C. A. 2).

Appellants say they are "honest" men. They say that they must have presumed that the Kaseno Products Co. and Mr. Linquist were "honest" men; and "Appellants Lilly and Lilly Co." being thus "honest" men, they could not doubt the honesty of the Kaseno Products Co. in its answer to the Bill of Complaint, when it alleged it was not infringing the claims of the "Caustic Soda" and "Carbon Bisulphide" patents. Irrespective of these protestations of honesty, the record discloses that the Appellants did not take any step nor perform a single act which would have advised them of the nature and character of the glue business being conducted at that time by the Kaseno Products Co. They content themselves with showing (pp. 28, 52, Reply Brief) what they *might* have done

and what *might* have been the information that they *might* have received if they had done anything. Such character of argument is not persuasive. The fact of the matter is that the Appellants did not do anything to advise themselves concerning the alleged infringement of the patents in suit. One cannot numb his senses, when his senses should have been active, and then claim protection of a court of equity to protect him because of his failure to have used his senses. And that is exactly what the Appellants are here seeking to do.

The Appellants throughout pages of their Reply Brief continuously protest their honesty and in proof of the existence of such honesty they say they ceased their wrongful acts as soon as the Trial Court found their acts were unlawful (p. 66, Reply Brief). It must be remembered that the Kaseno Products Co. and George F. Linquist are not appealing. As to them the Decree is final. They are adjudicated wrong-doers. If, as Appellants state, they were honest in their belief that the furnishing of the soya bean flour to the Kaseno Products Co. for glue making purposes was not originally a wrongful act on their part, and that the Kaseno Products Co. in using the same was not committing a wrongful act, certainly it must follow that honest men, having now discovered that what they did was wrongful, ought at the earliest possible

moment take some steps to right such wrong and to return to the one wronged the consideration which the honest man now finds that he wrongfully took. And further, that the honest man would willingly agree that he should immediately cease the further commission of such wrongful acts. How do Appellants measure up to this rule of common honesty. They are in this Court admitting that they furnished the soya bean flour with the intent that it be used for glue-making purposes. They are in this Court saying that the acts of the Kaseno Products Co., because of the Decree now final against Kaseno Products Co., in using such flour in the manufacture of glue were wrongful. Appellants are admitting that they manufactured this soya bean flour for glue-making purposes to the extent of 150 tons per month, to their own very great profit. And yet they are contending and seeking to have this Court of Equity relieve them from paying back to the Appellee any portion or part of such wrongful profits by them received from the commission of such wrongful act. And they are seeking to have this Court of Equity nullify the injunction of the Trial Court prohibiting them from further continuing with their wrongful and unlawful acts. It would seem that such conduct is scarcely in harmony with the protestations of honesty concerning which reference is so frequently made in the pages of their Reply Brief.



The "Carbon Bisulphide" and "Caustic Soda" patents are subsidiary to the "Johnson" patent to the extent that they use soya bean flour as their glue base. Therefore, the wrongful intent of the Appellants carries through into the "Carbon Bisulphide" and "Caustic Soda" patents, in that the soya bean flour admitted to be furnished (p. 36, Reply Brief) to the Kaseno Products Co. was for the purpose of making a glue.

Note well that the "Caustic Soda" patent secures to the Appellee the exclusive right to the use of caustic soda with a soya bean glue base to make a glue. The use of soya bean in any glue base would, of course, be subsidiary to "Johnson", that is, one to legally use soya bean as a glue base must either own the "Johnson" patent or have a license thereunder. "Johnson", of course, had no right to the use of the chemical caustic soda. Appellee owning both the "Johnson" and "Caustic Soda" patents had the legal right, of course, to use both. The same reasoning applies to the use of the chemical carbon bisulphide in conjunction with soya bean as a glue base.

The wrongful intent now being admittedly present, any escape from Appellants' liability as to the legal consequences of this wrongful act which they intended to do, must be for them to furnish. In other words, having admitted the intent to aid and assist

the Kaseno Products Co. in making a soya bean flour base glue by furnishing to them the soya bean flour with which to make it, all of which acts on the part of the Kaseno Products Co. have been determined finally to have been wrongful and tortious, places upon the Appellants the burden of showing an excuse or reason why they should not be held to answer for the legal results of such aiding and assisting in the carrying out of such wrongful act. It will also be noted that the Trial Court (R. 154), after having found the general intent of the Appellants to be that the article, i. e. soya bean flour, sold by them was to be used in the manufacture by their co-defendants of the product of Appellee's inventions, then states (R. 155) :

“These defendants have *also* infringed the claims of the three patents which have been held valid and infringed by the other defendants.”

Appellants in their argument throughout their entire Reply Brief utterly ignore the legal effect of their original admitted intent to aid the Kaseno Products Co. in the commission of what the Trial Court has now found to be a wrongful act. Having had the original intent to aid, assist and contribute to the wrongful act, that general intent, having so been found and admitted, places upon them the burden of showing any excuse or reason why they should not be held to answer to the full extent of the legal liability by

them incurred in so aiding, assisting and contributing to the commission of such unlawful act.

As was stated in our First Answering Brief (p. 36):

“It being established that defendant is offering for sale articles, intending them to be used in combinations which, if unlicensed by complainant, would be infringements of complainant’s patents, we think that it is the *duty of the defendant to see to it that such combinations which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. We are unable to see why any different rule should be applied in such case from that applicable to a case in which a defendant makes a patented machine to order. He may make such a machine upon the order of the patentee or a licensee, but not otherwise. Upon him is the peril of a mistake as to the lawful authority of him who gives the order.*”

*Thomson-Houston Electric Co. vs. Ohio Brass Co.*, 80 Fed. 712, at 721.

In determining the question of the burden of proof it is necessary to go back to the very inception of this matter and to determine (a) what was the original intent of the Appellants and (b) were the acts of the Kaseno Products Co. in which the Appellants aided and assisted at all times wrongful? Note well, all the acts of the Kaseno Products Co. in relation to its use of soya bean flour as a glue base have been held to be wrongful and tortious and it has not appealed. The Decree as to it is final. Further, let it

be well noted that the Appellants have on page 36 of their Reply Brief admitted that they at all times intended that the soya bean flour which they were selling to the Kaseno Products Co. was by the Kaseno Products Co. to be used in the manufacture of soya bean glues. Therefore, the conclusion is irresistible that the Appellants intended at all times to aid and assist the Kaseno Products Co. in the perpetration of a wrongful and tortious act, that is, the manufacture of soya bean flour base glues.

Having therefore had this general intent to aid and assist in the making of soya bean flour base glues, they must now be presumed to have the intent that it, i. e., the soya bean flour base, should have been used in any kind or character of soya bean flour base glues that the Kaseno Products Co. was making. The whole intent includes a lesser part. The record is absolutely silent as to any steps taken by Appellants to determine whether or not the Kaseno Products Co. had any license or other legal rights to manufacture caustic soda or carbon bisulphide glues. This duty was upon the Appellants and they acted at their peril, as set out in the *Thomson-Houston Electric Co. vs. Ohio Brass Co.* case, 80 Fed. 712, to which they subscribed (quoted on page 36 of Appellee's First Answering Brief), where the Court stated:

“\* \* \* It being established that defendant is offering for sale articles, intending them to be used

in combinations which, if unlicensed by complainant, would be infringements of complainant's patents, we think that it is the *duty of the defendant to see to it that such combinations which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized.*"

Therefore, the admitted intent of the Appellants fixes definitely their status, and the burden was not upon the Appellee to have shown that there were no non-infringing uses to which the soya bean flour sold by the Appellants to the Kaseno Products Co. might have been put. That was purely a defense, a matter of excuse or reason why the Appellants should not be held answerable because of their original intent to aid and assist in the commission of a wrongful act. The fallacy of Appellants' reasoning in this regard is that they do not take into consideration the adjudication of the legal status of the acts of the Kaseno Products Co. Those acts were just as wrongful when committed as they were on the 15th day of June, 1932, when the Trial Court filed its Memorandum Decision, because in that Memorandum Decision the Court found that these acts were at all times wrongful.

To our minds the only construction that can be drawn from the position taken by the Appellants, both in their Opening and Reply Briefs, is that if the burden were upon them to have shown any excuse or reason why they should be relieved from their lia-

bility for having aided and assisted in the wrongful acts of the Kaseno Products Co., then they have failed because, they say, there was no such evidence in the record of such excuse or reason. They say the burden was upon the Appellee to have inserted in the record such evidence, and because it is not there the Appellants should escape the legal liability of their acts.

As we have heretofore stated, the fallacy in this whole argument of Appellants is that they absolutely refuse to take into consideration the full legal effect of their admission contained on page 36 of their Reply Brief and the findings of the Trial Court as to the presence of the original intent, and that that original intent has now by the Court been found (in holding Kaseno Products Co. guilty as a direct infringer) to have been an intent to aid and assist in the doing of an unlawful act.

We respectfully submit to this Court that the admissions of Appellants as to intent (p. 36, Reply Brief), plus the finding of the Court as to the matter of original intent, plus the now adjudicated fact that the acts of Kaseno Products Co. were wrongful—in which acts the Appellants admittedly aided and assisted—now definitely determine the status of these Appellants not only as of the date of the commission of the acts, but continuously down to the 15th day of June, 1932, as that of contributory wrong-doers. It

therefore being a fact that the Appellants were at all times guilty of aiding and assisting in the commission of a wrongful and tortious act, they cannot now escape their liability therefor unless they affirmatively show to the Court some definite avenue by which escape is possible. This, we respectfully submit, they have entirely failed to do. Apparently the Appellants in the trial of the case staked their entire case upon the likelihood of the patents being declared invalid. In this they were in error. Evidently so strong was their belief that the patents would be held invalid, they failed to attempt to provide for themselves any avenue of escape from their liability as contributory infringers, even if it had been possible for them so to do.

### III. ANSWER TO CONTENTIONS OF APPELLANTS IN THEIR REPLY BRIEF.

We now very briefly direct the Court's attention specifically to the various headings of Appellants' Reply Brief.

#### **1. Respecting Notice by "Attaching Tags to Patented Product" (p. 11, Reply Brief).**

Appellants make no reference to the extract quoted in Appellee's First Answering Brief (p. 49) from the case of *Munger vs. Perlman Rim Corp.*, 244

Fed. 799, 805, affirmed 275 Fed. 21, wherein the Court said:

“Notice of the existence of the patent was given by the plaintiff by marking the manufactured product under the patent with the date of the patent. This was placed upon the wheels manufactured commercially by the Munger Vehicle Tire Company, and was sufficient notice within the meaning of section 4900 of the Revised Statutes.”

In their attempt to avoid the force of the notice to the world, by means of said tags, that the glue compositions in question were patented, they refer to the case of *Gimbel vs. Hogg*, 97 Fed. 791 (C. C. A. 3rd), which case, as we have stated in our Second Answering Brief in Cause No. 7083, related to a special statute respecting design patents, where knowledge was made a necessary element to be affirmatively found before the defendant could be held to have infringed. No such statute exists for patented compositions of matter.

**2. Reply to Contention of Appellants Respecting “Appellee Published Notice of the Patents” (p. 12, Reply Brief).**

It must be remembered that the Appellee’s main office is in the City of Seattle, where its factories are located. That a very considerable percentage of the veneer industry of the Northwest is tributary to the City of Seattle. The business of the Kaseno Products Co. was in the City of Seattle. The home of the Appellants is in the City of Seattle. It is admitted



that the Appellants knew that the soya bean flour they were selling to Kaseno Products Co. went into the glue industry. That Appellants were in very close touch with the veneer plants themselves because Mr. Lilly testified (R. 231):

“\* \* \* we had been advised that certain of the veneer plants were going to make their own glues, and that we were desirous of selling soya bean flour to them for that purpose. \* \* \* We had sent such samples, though.”

If anyone in the Pacific Northwest was apparently in touch with the veneer industry, so far as the same related to the furnishing of glue, surely such a one must have been “Appellants Lilly Co. and Lilly.”

The argument of Appellants is not very persuasive, where they say (p. 13. Reply Brief):

“It is submitted that the published notices printed in a publication not connected with Appellants’ business, which notices would not be likely to, and did not, come to Appellants’ attention, \* \* \*.”

The record is replete with evidence that “Appellant Lilly Co.” was most actively engaged in the glue business, grinding an average of 150 tons per month for glue base, i. e., soya bean flour (R. 234), sending samples to all the veneer plants (R. 231), writing letters to all those interested (R. 228), selling soya bean flour for glue-making purposes throughout the United States (R. 225-232).

### 3. Reply to Contention of Appellants Respecting "Giving of Written Notice to Appellants" (p. 14, Reply Brief).

As we have heretofore stated, Appellants were given notice by the Bill of Complaint in the "Johnson" case, Equity Cause No. 7083; were actually given notice by registered mail of the issuance of the patents on November 16, 1928, which notice warned that contributory infringers would be sued. Certainly this constitutes notice to the Appellants that any soya bean flour thereafter sold to Kaseno Products Co., if used with caustic soda and/or carbon bisulphide, would constitute such wrongful use by the Kaseno Products Co. as would make "Appellant Lilly Co." liable as joint tortfeasor with the Kaseno Products Co. in event it was subsequently found that the acts of the Kaseno Products Co. constituted infringement. These notices placed a duty upon the Appellants to inquire and determine whether or not the soya bean flour which they were selling to Kaseno Products Co. as an adhesive base was being used by Kaseno Products Co. to infringe either of these two letters patent. The record is barren of any act or thing done by the Appellants in connection therewith. The law definitely places upon them a burden so to do. (See authorities hereinbefore cited.)

**4. Reply to Contention of Appellants Respecting "Soya Bean Flour Standard Article of Commerce" (p. 16, Reply Brief).**

This matter was answered at length in our Second Answering Brief in Equity Cause No. 7083. We will simply direct the Court's attention again to the fact that the Appellants are endeavoring to use the present tense rather than relating back to the time when soya bean flour was furnished the Kaseno Products Co. as a glue base, concerning which time we have shown by the admissions and statements of the Appellants themselves that soya bean flour at that time was a new product.

The Court here may well declare, as did the Court in *The Lyman Mfg. Co. vs. Bassick Mfg. Co.*, 18 Fed. (2d), 29, 38 (C. C. A. 6) (Cert. Den. 72 L. Ed. 420):

“\* \* \* When defendants put out their pin fittings, nothing resembling them was upon the market excepting the plaintiff's which had come into such general use, as above stated. \* \* \*.”

This authority was cited more fully, pages 60 and 61 of the First Answering Brief of Appellee in Cause No. 7083, to which Appellants have taken no exception in their Reply Brief.

Appellants here state that the Court “inferentially found” that soya bean flour was an article of

commerce. We respectfully direct the Court's attention to the finding of the Trial Court (R. 154):

"The foregoing is sufficient to show contributory infringement on the part of these defendants and to take the case out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe. The stipulation and letters show that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions."

The Court here is making a statement of the rule and goes on to conclude, after stating the rule:

"The stipulation and letters show that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiff's inventions."

Here the Court is holding that the article sold had a definite purpose for use, i. e., for the manufacture of glue, that being the product manufactured by the co-defendants, Kaseno Products Co. In other words, that it was a special product manufactured for a special use. Therefore, taking it "out of the rule that one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent \* \* \*." Surely, this is the reasonable and proper construction of the Court's holding

as contrasted with the attempted strained construction of the Appellants that the Court “inferentially found” that soya bean flour was a staple article of commerce.

**5. Reply to Contention of Appellants Respecting “Product Furnished by Appellants Was Specially Processed for Glue-Making Purposes” (p. 20, Reply Brief).**

We think this matter is sufficiently covered in the two Answering Briefs in Equity Cause No. 7083.

**6. Reply to Contention of Appellants Respecting “Soya Bean Flour Furnished Was Ground to Glue Specifications” (p. 22, Reply Brief).**

Here Appellants take a new tact. They say that it just so “happens that this standard soya bean flour, ground to 100 mesh or finer, meets the requirements of ‘glue specifications.’ ” Therefore, the term “ground to glue specifications” can have no relation to flour ground to 100 mesh or better. It seems to us that the complete answer to this is the answer of Mr. Lilly himself (R. 232):

“Most of the soya bean flour we have sold since 1927 went into glue plants; that is, glue manufacturing concerns.”

(R. 228): “Approximately 150 tons is processed into flour each month \* \* \*.”

Again the Arabol letters, where the Appellants stress the virtue of 100 mesh as being generally used

for glue making purposes, asserting that they do grind finer than 100 mesh and that the glue manufacturers prefer this finer mesh, but that they have been buying the 100 mesh inasmuch as it costs less (R. 106):

“This (100 mesh) is the grade that is in the greatest demand in this section of the country. \* \* \* The various glue manufacturers seem to prefer the finer mesh, however they have been buying the 100 mesh inasmuch as the cost is less.”

Surely, this testimony of Mr. Lilly does not lend much force to the character of argument indulged in by Appellants under this heading.

**7. Reply to Contention of Appellants Respecting “Linnquist Testimony as to the Use of Soya Bean Flour” (p. 24, Reply Brief).**

This is merely a re-statement of the position taken by Appellants in their Opening Brief and was fully covered in our First Answering Brief.

**8. Reply to Contention of Appellants Respecting “Appellant Lilly Co. Continued to Furnish Soya Bean Flour After Suit Started” (p. 26, Reply Brief).**

This has already been covered in our First Answering Brief and in our Second Answering Brief in Equity Cause No. 7083 and in the argument in this brief already contained. The only new matter injected by Appellants is their rather specious argument that “Appellant Lilly Co.” “might well have assumed that

Kaseno Products Co. was making a glue from isolated soya bean protein" (p. 31, Reply Brief). And here they quote one question and answer from the testimony of witness Cone, wherein witness Cone says that from a theoretical standpoint, reasoning from analogy, one might believe that soya bean glue could have been made from soya bean protein. They omit to quote the very next question and answer of witness Cone, which are as follows (R. 254):

"Q. In practice have you found that true?

A. No, it is the other way around.

Q. Is there any instance that you know of where the isolated protein of seed residue flour has been used or is now being used in the commercial glue art?

A. I do not know of any such instance."

It is not believed that the character of incomplete quotation from the record by Appellants or the character of argument employed by them can be of very much assistance to the Court. This Court is not dealing with theories, nor suppositions. It is dealing with facts in the commercial world. Appellants admit that they sold an average of 150 tons of soya bean flour per month and that most of it was used as a glue base, and that Kaseno Products Co. was their largest single customer. There is not one single statement in this record that Kaseno Products Co. made a glue out of isolated soya bean protein. The only formula in which

a soya bean protein was ever used by the Kaseno Products Co. was one in which they used 10 parts of a so-called vegetable protein along with 65 parts of soya bean flour, and is the identical formula which the Court found in its findings of fact and conclusions of law embodied the making of an infringing glue. Furthermore, it must be remembered that the record discloses that isolated soya bean was not a standard article of commerce, even on the date of trial (Dr. Dunham's testimony, R. 251).

Testimony of witness Cone (R. 251):

“Q. Have you in your wide experience in the glue art, and in your visits to commercial plants throughout the United States, ever heard of or seen the use of an isolated vegetable protein for glue making purposes?”

A. I never have.”

Mr. Lauck's testimony (R. 243):

“Q. Do you know of any isolated vegetable protein ever having been used practically for glue?”

A. No, sir; I do not.

Q. Are isolated vegetable proteins easy to obtain, commercially?”

A. They are not articles of commerce at all. You cannot buy them on the market.”

This testimony stands uncontradicted in the record and yet the Appellants are seeking to have the Court relieve them of liability for their unlawful acts and for the enormous wrongful benefits which have



inured to them from the sale of 150 tons per month of soya bean flour on a statement in their Reply Brief that Appellants "might well have assumed that Kaseno Products Co. was making a glue from isolated soya bean protein," and set this assumption up as a legal excuse to relieve them from their liability and permit them to keep to themselves the illegal profits of their wrongful acts.

**9. Reply to Contention of Appellants Respecting "Accusation That Statements Made by Appellee in Its Answering Brief Were Not True" (pp. 31, 32, Reply Brief).**

We have heretofore directed to the Court's attention the fact that we did say in our Answering Brief that Appellants had continued their sale of soya bean flour as a glue base, which we asserted was wrongful, up until the date of the signing of the injunction. This, we there admitted, was outside of the record. We believed it to be true. Appellants now say they continued to sell soya bean flour up until the day of the signing of the Findings of Fact and Conclusions of Law, but stopped on that day. We were evidently in error twenty-six days, that being the difference between the date of the signing of the Findings of Fact and the signing of the Decree. This error in date does not for one moment lessen the culpability of the Appellants in continuing the use of

soya bean flour as a glue base after all the evidence in the trial had been had and pending the ultimate decision of the Court. Surely, during this period of time Appellants must have had notice and must have been charged with knowledge of the nature and character of their wrongful acts, but still they did not desist. Surely, such conduct shows a deliberate and determined attempt to continue their sale of soya bean flour as a glue base and to reap up to the very date of the decision of the Trial Court all the benefit and profit for themselves as were possible for them to do before being stopped by the Court. That was the reason for referring to their continued acts. Counsel has admitted that the Appellants so did do up to the date of the decision of the Trial Court.

In our First Answering Brief No. 7084, page 47, we cited *Orr-Ewing vs. Johnson*, 13 Ch. D. 434, 553, to the effect:

“However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is itself sufficient evidence of a fraudulent intention.” (Insert ours.)

**10. Reply to Contention of Appellants Respecting “Conversation Between I. F. Laucks and Wilmot H. Lilly” (p. 32, Reply Brief).**

This has been fully answered both in our First Answering Brief and in the Second Answering Brief

in Equity Cause No. 7083, and nothing further here need be added except to comment upon the statement of counsel that at the time of the conversation, being subsequent to the commencement of the "Johnson" suit, that "Appellants did not know such fact. Appellee was in position to know the fact; Appellants were not." Our query is why? Their relations with the Kaseno Products Co. surely were very close. Has there been any reason suggested in this record or by Appellants in their Reply Brief as to why they could not have gone to the Kaseno Products Co. and ascertained every step that the Kaseno Products Co. was taking? Why should Appellants now base any argument in this Court upon their statement that "Appellants did not know such fact. Appellee was in position to know the fact; Appellants were not." Surely, such character of argument cannot be very persuasive. This and similar statements we have quoted show to what length Appellants are going in order to escape the liability for their unlawful acts.

**11. Reply to Contention of Appellants Respecting "Most Conspicuous Use" (p. 33, Reply Brief).**

Nothing new has been added under this heading and no attempt has been made to answer the authorities cited by Appellee in its Opening Brief, except to comment on the *Dick* case, wherein they say the opinion of the Court must have been *obiter dic-*

*tum*. If the holding of this Court was *obiter dictum* and there were any authorities to the contrary, naturally one would expect to have found citations. None is cited. The authorities cited by Appellee in its Opening Brief must be taken to be the law.

**12. Reply to Contention of Appellants Respecting "Insufficiency of Assignments of Error" (p. 36, Reply Brief).**

There is nothing in this portion of Appellants' Reply Brief which differs from their position taken in Equity Cause No. 7083, and further comment on the matter will not now be made except that the assignments of error on which Appellants say they have a right to rely in support of the specifications of error in their Brief as to non-infringing glues, are Assignments 12, 13 and 14.

Assignment No. 12 has to do wholly with error predicated upon the Court's finding of fact and conclusion of law that the stipulation made by the Appellants and the two Arabol letters were sufficient to show contributory infringement on the part of these Appellants.

Assignment No. 13 alleges error on the part of the Court in finding that the stipulation and the two

Arabol letters were sufficient to take the case out of the rule that "one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe."

Assignment No. 14 charges the Court with error in finding or concluding that the stipulation and the two Arabol letters showed that it was the intent of these defendants that the article sold by them should be used in the manufacture by their co-defendants of the product of plaintiffs' inventions.

As to Assignment No. 14, it will be noted that the admissions of the Appellants (p. 36, Reply Brief) fully support the finding of the Trial Court.

It is difficult to understand how an assignment of error can be maintained when the Appellants themselves, by written admissions, admit the very facts upon which error is predicated. It is on this very ground of intent that they seek to justify their right to maintain their specification of error contained in their Brief as to non-infringing glues. All comments made in the Second Answering Brief of Appellee in Equity Cause No. 7083 on this point are by reference made a part hereof.

**13. Reply to Contention of Appellants Respecting "Assignment of Error Regarding Awarding of Costs Not Sufficient" (p. 44, Reply Brief).**

Appellants in this reply to contention of Appellee set forth in our First Answering Brief have not seen fit to answer any of the authorities cited by Appellee. Therefore, these authorities must be taken to be the law. In our Answering Brief we pointed out that Appellants cited no case where costs were denied where the disclaimer *did not strike out a claim*, and that still stands true. Appellants have not cited to this Court one single case where costs have been disallowed except cases where a claim was stricken out by the disclaimer. In the case at bar there has been no attempt to disclaim any of the claims of the "Caustic Soda" patent. The disclaimer was filed merely for the purpose of striking from the specifications such matter as had no connection whatsoever with the inventions covered by the claims.

Note well that each and all of the claims of the "Caustic Soda" patent specify and describe the glue base as being a *flour*, either a soya bean flour which contains protein as one of its many elements, or a vegetable flour containing as one of its many ingredients, protein. Appellants made extended argument on the distinction of the terminology in the claims wherein, in some claims the term "the reaction prod-

ucts of the soya bean flour" occurs, and claims where this is omitted. The Court's attention is directed to the fact that the term "reaction products" occurs in the *composition* claims and does not occur in the *process* claims. The reason for this will now appear.

Appellants seem to be entirely unfamiliar with the Patent Office practice relating to the use of the term "reaction products." In defining a composition of matter resulting from the chemical interaction of several ingredients such as A, B, C, and D, the Patent Office requires the use of the term "reaction products" in the titular part of the claim. Obviously, after the reaction occurs the ingredient in the form and character of A is no longer A, and B is no longer B, etc. The chemical change which has created the new composition has transformed them and the identity of the separate ingredients is lost in forming the new composition of matter. Therefore, it would not be accurate to say, for example, "I claim a vegetable glue composition comprising soya bean flour and an alkali metal hydroxide as such in an aqueous medium." The reason it would not be true is because *in the composition* the flour has lost its identity as flour, and the alkali metal hydroxide is no longer alkali metal hydroxide. Therefore, the Patent Office, in the interest of precision and accuracy, requires in the defining of claims relating to *composition of matter*,

the use of the term "the reaction products of." And thus, whatever changes may take place between the original ingredients after the chemical reaction, the composition resulting is accurately defined as being the reaction products of said change.

On the other hand, in the case of *process claims*, this requirement of the use of the term "the reaction products of" is not necessary, because the process claims deal with the method of making the new composition of matter, that is, they deal with the ingredients at a point of time prior to the change, that is, prior to the chemical interaction. Hence they deal with the ingredients while they still retain their original character which denominates them as A, B, etc. The process claim referred to by Appellants states:

"The process of making a vegetable glue which comprises treating soya bean flour with Caustic

Soda as such in an aqueous medium, \* \* \*."

Manifestly, the instant of adding the caustic soda to the soya bean flour the said soya bean flour is still soya bean flour, and the caustic soda is still caustic soda. But the instant after the adding, and the reaction between the ingredients has occurred, then the new composition of matter can only be described as comprising the "reaction products of." Thus we have the distinction between the terminology in the titular part of composition claims and process claims in ques-



tion. The failure on the part of the Appellants to understand this distinction manifestly accounts for their wrong deductions, never having had the correct premise. Accordingly, the assertion of Appellee that the Disclaimer was in no wise necessary to save any claim, still stands unimpeached by the Appellants.

Appellants point out and refer to parts of the specification of the "Caustic Soda" patent, and endeavor from the language therein italicized to convince the Court that the said terminology defined chemically isolated protein (p. 46, Reply Brief). Much evidence was introduced to show the difference between chemically isolated protein and mill extracted protein. Chemically isolated protein is a chemical product. The protein, obtained by a chemical process, is chemically pure. Mill extracted protein is a mechanical milling process by which a certain percentage of the soya bean material is eliminated, and the resultant flour is thereby made to contain a higher percentage of protein content than previous to the milling. The distinction between these two resultant products was by the evidence shown to be very clear. Isolation is one thing, and extraction is another,—the former a chemical process, the latter a mechanical process. The Trial Court in the extract quoted (R. 122; p. 46 Reply Brief) was referring to chemically isolated protein, not to mill extracted protein.

The point remains, that a patentee may describe the *earth* in his specification, and only claim one acre in his claims, and his monopoly grant will comprise merely the one acre. So here, it is submitted, it is wholly immaterial what part of the specification, prior to the claims, was stricken out. The cases all lay the emphasis on the point that the statute relating to costs in connection with a disclaimer, require the cancellation of a claim to save the patent. Such cancellation was not done in the instant case (R. 94, 98). As stated before, the Appellants nowhere pointed out that the Disclaimer disclaimed any *claim*. The fact that no claim was disclaimed emphasizes that the only reason for introducing the Disclaimer was, as stated to the Court, to save time relating to a construction that was not contended for by the Appellee.

It will be remembered that a supplemental transcript of the record as to additional statement of evidence and exhibits was offered by the Appellee at the time of the argument. Under the rules of this Court this Court would have the right to permit or direct the certification of this supplemental transcript of the record if in the opinion of the Court such supplemental transcript of record was necessary. In this supplemental transcript of record is contained the statement by Mr. Arnold and Mr. Ogden, read into the record at the time of the trial and at the time the

disclaimers were offered, and which in the opinion of the Appellee would be very helpful to this Court in giving this Court the same viewpoint of the record as was had by the Trial Court. This supplemental record also contains evidence and formulae to show that the record disclosed that all the formulae for the manufacture of soya bean glues introduced into the record as being glues manufactured by the Appellee embodied equivalent ingredients in such formulae as would make them all come under the teachings of the "Johnson" patent as to the chemicals there used.

As we have heretofore stated, the "Caustic Soda" and "Carbon Bisulphide" patents are subsidiary to the "Johnson" patent to the extent that they use soya bean flour as their glue base. The chemicals, caustic soda and/or carbon bisulphide, were added to the "Johnson" formulae, i. e., soya bean flour, plus sodium fluoride and lime or their equivalents. We also believe that this record would be useful to this Court in order that this Court might have before it the same evidence that the Trial Court had, showing the use of carbon bisulphide and caustic soda being chemicals added to the soya bean glue base, plus the chemicals or their equivalents used by Johnson. We, therefore, respectfully urge this Court that the supplemental transcript of record be ordered certified and become a part of this record on appeal.

**14. Reply to Contention of Appellants Respecting "No Proof of Wrongful Intent Necessary" (p. 49, Reply Brief).**

Most of the argument of counsel here involved has been answered in our Second Answering Brief in Cause No. 7083, and in the argument set forth in the first part of this Brief. We will only direct the Court's attention to certain statements of Appellants which we feel are unjustified by the record.

Appellants state (p. 52, Reply Brief):

"Appellee made no attempt to establish that glues could not be made from soya bean flour without infringing Claims 3 and 7 of the Johnson Patent. The evidence proved just the contrary. While Kaseno Products Co. had actually made an infringing glue prior to the time suit was started, as found by the Trial Court, the evidence does not show that Kaseno Products Co. made any such infringing glue after suit was commenced."

This is merely a restatement of the contention of Appellants throughout their Opening and Reply Briefs. In our Second Answering Brief in Cause No. 7083, we have set out at length each and every formula disclosed in the record as having been used by the Kaseno Products Co. We have there shown by the undisputed evidence of Mr. Wood, one of the chemical experts of the Appellants in the Trial Court, and we have also shown by the testimony of Mr. Laucks, that every one of the formulae used by Ka-

seno Products Co. did contain soya bean flour as the glue base, and did contain chemicals, either sodium fluoride and lime or their equivalents. How can Appellants make the statement they here make, in view of the positive testimony of Mr. Wood which stands uncontradicted in the record and is the testimony of their own witness used in support of their contention relative to anticipation as set forth in their answer? We have shown that the testimony of Mr. Laucks in no wise contradicts Mr. Wood's testimony with regard to equivalents, but dove-tails in and supports it.

There is only one possible theory upon which this character of statement can be based, and that is that the Appellants absolutely ignore the existence of the doctrine of equivalency as applied to patents. If one is to give effect to the doctrine of equivalency, and we have quoted from Walker on Patents heretofore in our Second Answering Brief in Cause No. 7083, showing the important place that the doctrine of equivalency occupies in the patent art, then there is not even a semblance of foundation in fact for this statement of Appellants. We have shown that two of the formulae set forth in our Second Answering Brief in Cause No. 7083 were the formulae of glues concerning which defendant Linquist testified (R. 209):

“We are now making two soya bean glues, and we denote them as No. 26 glue and No. 3355 glue.”

Note the witness says, at the time of trial, "we are now making two soya bean glues", and we have shown by the formulae of these two glues that they used chemicals which are the equivalents of sodium fluoride and lime, plus soya bean flour, plus water, such as used by "Johnson" in Claims 3 and 7 of the "Johnson" patent.

On such unsound and unfounded contention of Appellants as set forth in the quoted paragraph they then proceed to build up the remaining portion of their argument. If this Court recognizes the doctrine of equivalency, then all the subsequent argument of Appellants falls. Appellants admit that they intended the soya bean flour by them sold to be used by the Kaseno Products Co. in the making of soya bean glues, the making of which soya bean glues has been found by the Trial Court to be wrongful and tortious; and having had the general intent to commit the wrongful act, they committed such wrongful act as to every glue manufactured by the Kaseno Products Co. which contained soya bean flour as its glue base.

Appellants persist with their apparent misconception, intentionally or otherwise, as to the function of caustic soda as taught in the "Caustic Soda" patent. For instance, they say (p. 54, Reply Brief) that the statements contained in our Answering Brief as

to the doctrine of equivalency are not correct and "are not in accord with a positive finding of the Trial Court." They then quote the Trial Court (p. 55, Reply Brief):

"Aside from the presumption of validity of the patent in suit and from the presumption arising from *the fact that the caustic soda glues drove out the double decomposition glues of Johnson*, the foregoing shows that Johnson did not anticipate the patent in suit in this respect." (Appellants' italics.)

Just how the Appellants would have this Court believe that such finding by the Trial Court repudiates the statements made by Appellee in its opening brief with regard to the doctrine of equivalency, is quite beyond our understanding. Appellants overlook the fact that a patent may be subsidiary in character. Of course the Trial Court found that the use of caustic soda was not anticipated by the "Johnson" patent. The "Johnson" patent taught broadly the use of the residue of soya bean, finely ground, as a glue base, together with well known chemicals such as sodium fluoride and lime, or their equivalents. "Johnson" nowhere taught the use of caustic soda as such used in a glue composition. Therefore, Appellee being the owner of the "Johnson" patent, and the owner of the "Caustic Soda" patent, could use the soya bean base of "Johnson", plus the chemicals of "Johnson", and add thereto caustic soda, and when

this caustic soda was so added the caustic soda glues did then drive out of the market, as stated by the Trial Court, the glues of the "Johnson" patent. And why not? Reference to the charts contained on pages 19 and 20 of our Answering Brief make this situation very clear.

Appellants make the further statement (p. 55, Reply Brief):

"Caustic soda, as such, instead of being added to the double decomposition glue taught by Johnson, is used in place of the double decomposition chemicals he taught."

It will be noted that Appellants cite no record in support of this statement. It is merely the conclusion of the writer of the Brief. The very formulae to which we have made reference in our Second Answering Brief in Cause No. 7083, show that the two glues which the Kaseno Products Co. "are now making" and with which caustic soda is used, contain the soya bean base of "Johnson" plus the double decomposition chemicals of "Johnson" or their equivalents, plus caustic soda as such, and thus were constituted the two glues which the Kaseno Products Co. admits it was making at the time of trial. Appellants cite no law holding that a composition of matter cannot infringe two patents. There is no such law. And yet the Appellants say (p. 55, Reply Brief):



“There is no foundation, in truth or in fact, for the statement made by Appellee that every glue made by Kaseno Products Co. infringed claims 3 and 7 of the Johnson Patent.”

All we have to say with regard to the presence or absence of truth is for the Court to look at the formulae themselves and, in the light of the uncontradicted evidence in this case, apply the doctrine of equivalency and see where the truth does lie. To call black white and to accuse another of falsifying because he says black is black, does not constitute argument. It merely constitutes accusation. Cases are not won on accusations but on argument and fact.

Appellants make the following statement (p. 61, Reply Brief):

“The use of caustic soda and carbon bisulphide by Kaseno Products Co. is not a result which would proximately follow the furnishing of the flour. The making of an infringing glue would not proximately follow the furnishing of the flour. The making of a non-infringing glue would so follow.”

This argument is so fallacious and so illogical and unsound as to scarcely merit answer. When the doctrine of equivalency is recognized, then the record in this case will show that every formula, under which glue was manufactured, would constitute an infringement of one or more of the three patents in suit. This is not an expression of opinion. The formulae speak

for themselves. The ingredients of the formulae have been testified to. They are set up in the record. The testimony is present in the record. Apply the testimony relating to equivalency to the formulae, and you have the result. The Court does not need to depend upon any argument of counsel.

These things being true, how can Appellants contend that the making of a non-infringing glue would proximately follow the furnishing of the soya bean flour for glue-making purposes; and especially how can they say this when the use of soya bean flour as a glue base is an infringement of the "Johnson" patent, no matter what chemicals may be used with it? And it must be remembered that there is no holding of invalidity as to a single claim in suit of the "Johnson" patent.

**15. Reply to Contention of Appellants Respecting "Duty Was Upon Appellants to Determine Whether Kaseno Products Co. Was Licensed Under the Patents" (p. 61, Reply Brief).**

It was the position of Appellee in its Answering Briefs, and is the position taken in these Second Answering Briefs, that the institution of the "Johnson" suit by the filing and serving of the Bill of Complaint in which the Appellants were charged with contributory infringement, did constitute notice. Appellants say that the filing of such a Bill of Complaint

constitutes no notice whatsoever. It is difficult to answer with patience such an argument. Suffice it to say that Appellee directs the attention of this Court to the fact that the Bill of Complaint in the "Johnson" case did charge the Appellants with contributory infringement. Suffice it to say that the Appellants were given notice of the issuance of the "Caustic Soda" and "Carbon Bisulphide" patents. We believe that this did charge them with notice. We believe that under the authorities cited in our First Answering Briefs that they were then placed in position of acting at their peril if they continued to furnish soya bean flour for glue-making purposes to the Kaseno Products Co. for the manufacture of glue, and that it was Appellants' duty to have known whether or not the Kaseno Products Co. was using the flour so furnished by the Appellants to it in an unlawful manner. The authorities which we cited remain unanswered, and are as we believe, then and now absolutely in point on the facts as disclosed by the record in this case.

#### IV. CONCLUSION.

We respectfully submit to this Court:

1. That the Kaseno Products Co. has now been judicially determined to have been at all times since

using soya bean flour as a glue base, an infringer of Claims 3 and 7 of the "Johnson" patent.

2. That the Trial Court found that no claim in suit of the "Johnson" patent was anticipated.

3. That the Trial Court found that the Appellants sold soya bean flour to the Kaseno Products Co. with the intent that the same be used in the manufacture by the Kaseno Products Co. of the products of Appellee's inventions. These inventions were three in number:

(a) "Johnson", teaching broadly the use of the residue of the whole soya bean, finely ground, as a new adhesive base;

(b) The "Caustic Soda" teaching broadly the use of soya bean flour plus caustic soda as such in a resultant glue;

(c) The "Carbon Bisulphide" teaching broadly the use of soya bean flour in a glue base, plus carbon bisulphide.

In all three of these the presence of water is presumed. These are the products of Appellee's inventions as referred to by the Trial Court. (Note well the "Caustic Soda" and "Carbon Bisulphide" patents are not limited in scope to soya bean as the base, but same is not material to contentions now presently before the Court.)

4. That the Appellants themselves, on page 36 of their Reply Brief, have admitted the presence of their intent to have sold to the Kaseno Products Co. soya bean flour for use in the manufacture by their co-defendants of Appellee's inventions, i. e., the use of soya bean flour as a glue base in a resultant glue.

5. That inasmuch as the Kaseno Products Co.'s use of soya bean flour as a glue base has been found to be tortious and wrongful in that every formula by it used, as disclosed by the record, would have infringed Claims 3 and 7 of the "Johnson" patent; therefore, every ton of soya bean flour furnished to the Kaseno Products Co. by the Appellants with the intent that the same should be used in the manufacture of a soya bean glue, constituted a wrongful and tortious act on the part of the Appellants, or the direct aiding, assisting and contributing to the performance of a wrongful and tortious act.

6. That the soya bean flour so furnished by the Appellants to the Kaseno Products Co. constituted from 52 to 96 per cent. of the entire glue base, and therefore constituted the furnishing of the distinguishing fundamental element of the patented invention of "Johnson".

7. That Kaseno Products Co. did manufacture glues using caustic soda and carbon bisulphide. That the soya bean flour employed by them in so doing was furnished by the Appellants.

8. That the Appellants, having had the intent broadly to aid and abet in the wrongful, tortious and infringing acts of the Kaseno Products Co., must now be held guilty of contributory infringement of the three patents in suit, unless they have shown the Court some avenue of escape open to them by affirmative proof on their part.

9. That the Appellants having initially had the intent broadly to aid and abet, and make possible, for the Kaseno Products Co. to manufacture the products of Appellee's inventions, by supplying the distinguishing, fundamental element, i. e., the glue base, the burden of showing that they are not guilty of the more specific offense, namely, the infringement of Claims 2, 4, 6 and 8 of the "Caustic Soda" patent and Claims 13 and 14 of the "Carbon Bisulphide" patent, which embodied the use of said base, rested squarely upon the shoulders of the Appellants. This burden they have not met.

10. That the Assignments of Error 12, 13 and 14, upon which the Appellants rely, are not sufficiently specific to permit the specifications of error contained

in their Opening Brief under Sub-Division "G" thereof, and therefore that portion of Appellants' Brief should not be considered.

11. That except for any evidence entered in the cause prior to the resting of Appellee's case in chief, at which time the motion for non-suit on behalf of Appellants was made, and save only the questions preserved in the Assignments of Error as to the admission and relevancy of the Arabol letters and the Stipulation, no other questions of fact are now open to the Appellants in this cause.

12. That the Appellants have failed to cite one single authority showing that costs should be denied in any case where a Disclaimer has been filed, which Disclaimer does not actually disclaim some claim of the patent. No claim of the "Caustic Soda" patent having been disclaimed, judgment for costs should stand.

13. That the question of Disclaimer does not enter into the "Carbon Bisulphide" patent. That there has been no attempt on the part of the Appellants to segregate the costs as to the "Carbon Bisulphide" patent, "Caustic Soda" patent or the "Johnson" patent, and that in any event, as to the "Carbon Bisulphide" patent costs against the Appellants must stand.

For the reasons here set forth, we respectfully submit that the judgment of the Trial Court should be affirmed.

Respectfully submitted,

RAYMOND D. OGDEN,  
G. WRIGHT ARNOLD,  
WARD W. RONEY,  
CLINTON L. MATHIS,

*Solicitors for Appellee.*



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IN THE  
**United States**  
**Circuit Court of Appeals**  
For the Ninth Circuit

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CHAS. H. LILLY CO., a Corporation, &  
WILMOT H. LILLY,  
KASENO PRODUCTS CO., a Corporation, and  
GEORGE F. LINQUIST,  
*Appellants,*

*vs.*

I. F. LAUCKS, INC., a Corporation,  
*Appellee.*

---

Upon Appeal from the United States District Court  
for the Western District of Washington,  
Northern Division

---

**Appellee's Petition for Rehearing**

---

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No. 7084

IN THE

**United States**  
**Circuit Court of Appeals**  
**For the Ninth Circuit**

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CHAS. H. LILLY CO., a Corporation,  
WILMOT H. LILLY,  
KASENO PRODUCTS CO., a Corporation, and  
GEORGE F. LINQUIST,  
*Appellants,*

*vs.*

I. F. LAUCKS, INC., a Corporation,  
*Appellee.*

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Upon Appeal from the United States District Court  
for the Western District of Washington,  
Northern Division

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**Appellee's Petition for Rehearing**

---

TO THE HONORABLE CURTIS D. WILBUR,  
WILLIAM H. SAWTELLE, AND FRANCIS  
A. GARRECHT, JUDGES IN THE ABOVE  
ENTITLED COURT:

Comes now I. F. LAUCKS, INC., appellee in the  
above entitled cause, and presents this, its petition for  
a rehearing of the above entitled cause, and in sup-

port of said petition for rehearing, the petitioner respectfully shows:

## I. GROUNDS.

1. That in paragraph two, page 29, of the opinion of this Court entered herein on the 21st day of December, 1933, reading as follows:

“As just indicated, however, we wish to add that there is, in our opinion, an equally cogent reason why the decree may not stand; namely: soya bean meal and soya bean flour are standard articles of commerce; and being such a sale thereof may not be enjoined.”

the Court apparently overlooked the element of intent and therefore made an incomplete and misleading statement of the law applicable to cases of the character of the one at bar.

2. That the statement of the Court in said paragraph two, page 29, is in conflict with the authorities cited by this Court in its decision and threatens serious embarrassment, injustice and hardship to the petitioner, since the conduct of appellant against which complaint is made is of a continuing tort character and constitutes a serious danger to the petitioner's business presently and in the future.

3. That the statement of law above quoted is in conflict with the authorities cited by this Court in its decision and threatens embarrassment to this Court

and the bar generally where the facts of a particular case may supply the necessary proof of specific knowledge, intent or conspiracy.

4. That the Court made no mention and appears to have overlooked the opinion of the United States Supreme Court in the case of *Cortelyou vs. Charles E. Johnson*, said case being one of the two cases cited and stressed in support of its opinion.

5. That the Court did not mention and apparently overlooked the principles of the law of contributory infringement previously enunciated by it when the Court made the statement in said paragraph two, page 29, against which complaint is made herein.

6. This Court is petitioned to grant a rehearing upon the matters set forth in the foregoing grounds or in the alternative that said quotation be corrected by adding the following phrase, or such phrase as embodies the said thought, at the conclusion of the said quotation above—"in the absence of a showing of express intent or conspiracy to aid another in the infringement of a patented combination."

7. That this Court in concluding that appellants did not knowingly infringe the patent in suit, did not mention and apparently overlooked the notice furnished by the bringing of suit, March 27, 1928, on the Johnson patent and that the appellants continued to

furnish soya bean flour to the Kaseno Products Co. after instituting such suit.

8. That this Court in concluding that appellants did not knowingly infringe the patent in suit, did not mention, and apparently overlooked the notice furnished by the offer of appellee made at the conference between I. F. Laucks and appellant, Wilmot H. Lilly, on April 19, 1928, to contract for the entire output of soya bean flour of appellant and drop the pending suit.

9. That this Court in concluding that appellants did not knowingly infringe the patents in suit, overlooked the notice furnished by the bringing of suit, February 14, 1929, on the "Caustic" and "Carbonbisulphide" patents, and that the appellants continued to furnish soya bean flour to the Kaseno Products Co. after instituting such suit.

## II. ARGUMENT.

Relative to grounds 1 to 8, inclusive, the argument set forth in the Petition for Rehearing in the companion cause, No. 7083, applies equally to this cause, No. 7084. For the convenience of the court, the same will not be set forth here in full, and such argument is incorporated herein by reference, for all in-

tents and purposes and to the same extent as if here set forth in full.

As respects ground 9, we submit that appellants, after the bringing of this suit, 7084, on the "Caustic" and "Carbonbisulphide" patents, February 14, 1929, had full knowledge, by reason of the detailed statements in the Bill of Complaint, of the infringing conduct of the direct infringer, the Kaseno Products Co., and therefore, the continuing to supply said direct infringer with the soya bean flour established beyond a peradventure of a doubt that the said furnishing of the flour was intentional and positive concerting with the Kaseno Products Co. in its infringing conduct.

Accordingly, we submit, there is no escape from the conclusion that, to quote the authority of *Orr-Ewing vs. Johnson*, cited page 47, appellee's opening brief:

"However honest or inadvertent the original mistake may have been, a continuation of the use of it after that (infringement) was pointed out is in itself sufficient evidence of a fraudulent intention."

WHEREFORE, upon the foregoing grounds it is respectfully urged that this petition for rehearing be granted and the decree of this Honorable Court be

upon further consideration modified and amended as herein indicated.

Respectfully submitted,

RAYMOND D. OGDEN,  
G. WRIGHT ARNOLD,  
WARD W. RONEY,  
CLINTON L. MATHIS,

*Counsel for Petitioning Appellee.*

---

#### CERTIFICATE OF COUNSEL.

We, the undersigned counsel of record, herein do hereby certify that we are counsel for the appellee in the above entitled cause; that we have carefully read over and considered the above and foregoing Petition for Rehearing, in the above entitled cause, and that in our judgment it is well founded and that it is not interposed for delay.

Dated this 17th day of January, 1934.

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CLINTON L. MATHIS,

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Seattle, Washington.



No. 7084

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IN THE  
**UNITED STATES**  
**CIRCUIT COURT OF APPEALS**  
FOR THE NINTH CIRCUIT

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THE CHAS. H. LILLY Co. and WILMOT H. LILLY,  
*Petitioners,*

—VS.—

THE DISTRICT COURT OF THE UNITED STATES  
FOR THE WESTERN DISTRICT OF WASHINGTON,  
NORTHERN DIVISION and THE HONORABLE  
EDWARD E. CUSHMAN, JUDGE THEREOF,  
*Respondents.*

---

**PETITIONERS' BRIEF ON ORDER TO SHOW CAUSE  
WHY WRIT OF MANDAMUS SHOULD NOT ISSUE**

---

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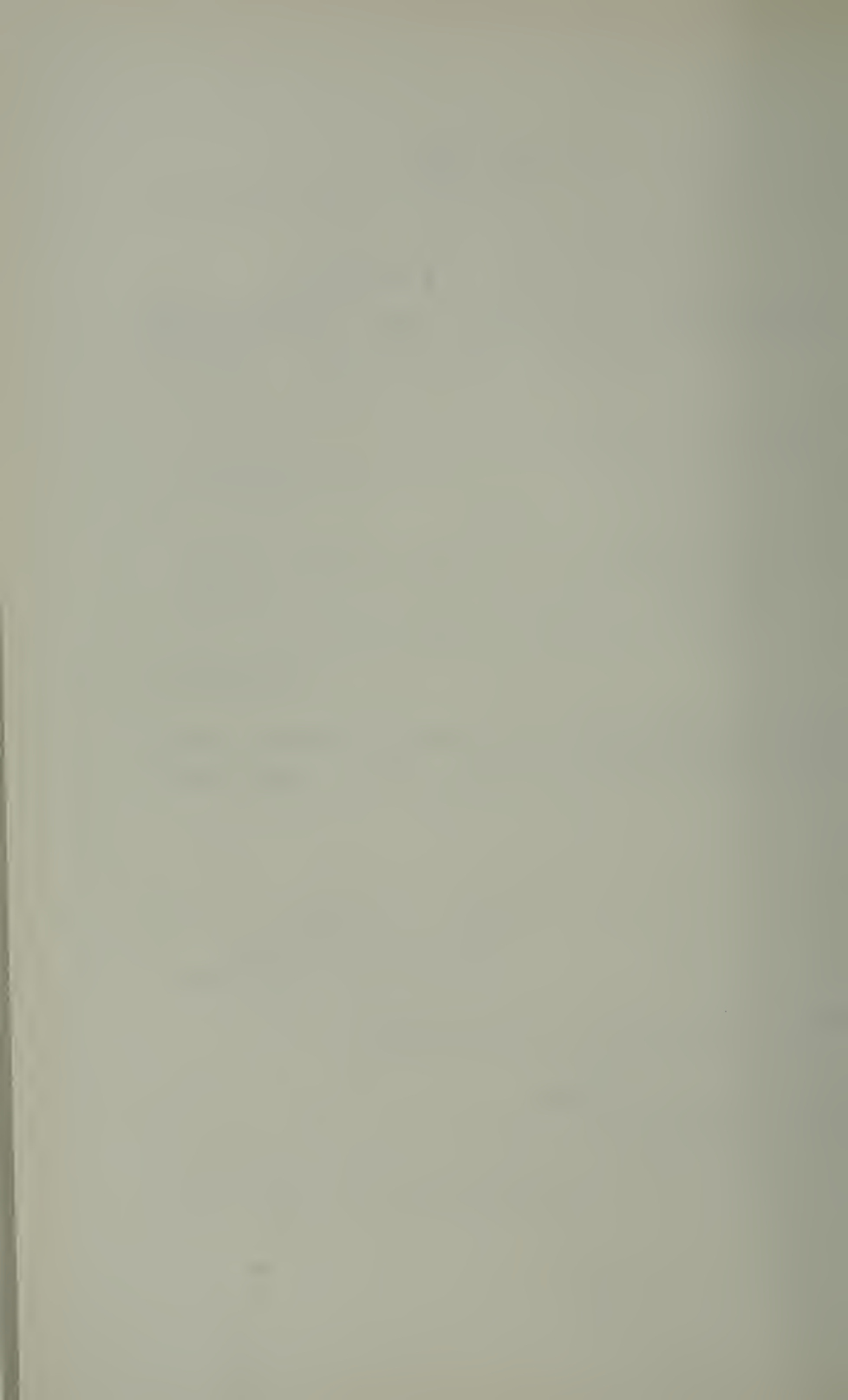
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IN THE  
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THE CHAS. H. LILLY Co. and WILMOT H.  
LILLY,

*Petitioners,*

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WASHINGTON, NORTHERN DIVISION and  
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JUDGE THEREOF,

*Respondents.*

} No. 7084

---

**PETITIONERS' BRIEF ON ORDER TO SHOW CAUSE  
WHY WRIT OF MANDAMUS SHOULD NOT ISSUE**

**STATEMENT OF THE CASE**

The letter "R.", wherever used in this brief, means the printed "Transcript of the Record" filed herein February 13, 1933, in cause number 7084 in this court. Italics, wherever used, are our own unless otherwise stated. For convenience of expression, we refer in this brief to I. F. Laucks, Inc., the plaintiff below and the appellee in cause number 7084 of this court, as "appellee".

In petitioners' Memorandum of Points and Authorities submitted at the time permission was asked for leave to file the petition for alternative writ of man-

date or prohibition in this court, we pointed out briefly petitioners' objections to the proposed action of the trial court. The objections interposed in the trial court and which are urged in this court are fully set forth in Ex. "G" attached to and made a part of the petition. Among other things, petitioners urge that the proposed action of the trial court will limit the question of petitioners' liability as alleged contributory infringers to acts committed by petitioners prior to the filing of the Bill of Complaint; that it will limit the question of contributory infringement to certain specified claims of the patent and that it makes no disposition of the original decree entered against petitioners, or of the writ of injunction which was issued pursuant thereto, or of the monetary judgment entered against petitioners thereon, all contrary to the opinion, decree and mandate of this court.

In appellee's brief filed for the purpose of inducing this court to refuse permission to petitioners to file their petition, it is contended that the proposed action of the trial court is correct; that the decree on mandate should be limited to acts committed prior to the filing of the Bill of Complaint; that the decree on mandate should be limited to an adjudication with reference to certain claims only of the patent; that a new issue was presented to the trial court calling for the exercise of judicial discretion, and that mandamus is not the proper remedy.

This brief is filed for the purpose of setting forth clearly petitioners' reasons and authorities in support of their position. References will be made to the



transcript of the record before this court on appeal and to appellee's briefs in this court on appeal.

### Pleadings and Evidence in Trial Court

Appellee's Bill of Complaint was filed February 14, 1929 (R. 14). Among other things it was alleged in Paragraph IX (R. 12) :

"That said defendants have conspired together to infringe upon said patent rights and each and all of them *refuse to desist therefrom and threaten to continue said infringement* and invasion of plaintiff's rights and intend, unless prohibited by this Court to continue to infringe said Letters Patents \* \* \* ; that the use of said inventions by said defendants and their acts severally and jointly and their *preparation for and avowed determination to continue the said infringing acts*, and their other aforesaid unlawful acts in disregard and defiance of the rights of the plaintiff, have the effect to, and do encourage and induce others to venture to infringe said Letters Patents, in disregard of the plaintiff's rights; all of said alleged infringing conduct having been committed within the six years next preceding the filing of this bill of complaint and within the western district of Washington and elsewhere in the United States. All the aforesaid acts complained of in this Paragraph *are in infringement of each and all of the claims in said Letters Patents on each of which, said plaintiff relies.*"

The prayer, in addition to asking for specific relief,

asked that plaintiff have such other, further or different relief as in equity and good conscience the court should deem meet (R. 13, 14).

Regarding this bill of complaint, Appellee said at pages 104 and 105 of its first answering brief on the appeal:

“Under the bill of complaint in this cause the appellants were charged with the commission of a continuous tort, a continuous wrong doing. The record is that they persisted in this continuous wrong doing up until the very close of the trial in 1931.”

Petitioners' amended answer was filed March 20, 1930 (R. 44). Paragraph VIII of the amended answer (R. 25) set forth among other things the following:

“With respect to Paragraph IX of the bill of complaint, defendants *deny that they have committed or are now committing or threaten to continue committing any wrongful or infringing acts, as further alleged in said paragraph,*”

The amended answer also sets forth the following (R. 43):

“*Defendants deny that they have ever done any act or thing or are doing any act or thing or propose doing any act or thing in violation of any alleged right belonging to the plaintiff or secured to it by letters patents referred to in said bill of complaint or that the said plaintiff is entitled to an injunction either preliminary or perpetual, or to an accounting or to any other relief prayed for in said complaint.*”

Among other things the prayer of the amended answer asked that the defendants have such other and further relief as the premises and the equity of the case might require and as to the court might seem just (R. 43).

Prior to the trial, but after suit had been instituted, on November 25, 1929, appellee and petitioners entered into the following stipulation (R. 103):

“IT IS FURTHER STIPULATED that Chas. H. Lilly Co., the above named defendant, on and before March 27, 1928, sold and delivered *and is now selling and delivering* to the Kaseno Products Co., a co-defendant herein, soya bean seed cake ground to glue specifications, that is eighty mesh or finer, for use in the manufacture of the adhesives or glues of said Company.”

At the trial evidence of claimed infringing acts committed after the filing of the bill of complaint was elicited by appellee. The witness Linquist testified as to several formulas covering glues made by Kaseno Products Company prior to suit, subsequent to suit, and up to the time of the giving of his testimony (R. 209-216). The glue which the trial court held to be an infringement of the Caustic Soda Patent was that which Kaseno Products Company was making at the time the witness, Linquist, gave his testimony (R. 133, 134). The same thing is true with reference to the glue which the trial court held to be an infringement of the Carbon Bisulphide Patent (R. 141), the trial court finding that the viscose contained in the formula was a sulphur compound with properties like those of carbon bisulphide (R. 149). The

specified glues therefore which Kaseno Products Company was making at the time the witness, Linquist, testified, were specifically held by the trial court to be infringements of both the Caustic Soda and Carbon Bisulphide Patents.

Concerning the glues about which the witness, Linquist, testified in general, appellee in its first answering brief in this court said (R. 96):

“We, therefore, respectfully submit that the record in this case unequivocally proves that the Kaseno Products Co. from the time it first commenced to sell soya bean glues *up to the date of trial* did not sell a pound of such glue that did not infringe some or all of the three patents in suit. Every pound infringed claims 3 and 7 of the ‘Johnson’ patent and a great portion of the remainder infringed the claims of the ‘Caustic Soda’ and/or ‘Carbon Bisulphide’ patents found valid and infringed by the court.”

On cross-examination by appellee the witness, Linquist, testified that Kaseno Products Company bought the soya bean flour used for making glues, from the Chas. H. Lilly Company; that the Chas. H. Lilly Company knew that the flour it was selling to Kaseno Products Company in 1927, 1928, 1929 and 1930, was being used by Kaseno Products Company for glue making purposes. That he judged the Chas. H. Lilly Company knew that fact up to the time of the giving of his testimony (R. 216).

The witness, Lilly, on cross-examination by appellee, testified that he knew Kaseno Products Company was using the flour furnished to it to manufac-

ture glue; that he presumed he knew it in 1927; that from 1927 up to the time of the giving of his testimony The Chas. H. Lilly Company had no other larger single customer for soya bean flour of 100 mesh or better than Kaseno Products Company (R. 231).

It will be seen from the foregoing that under the pleadings and the evidence the question of petitioners' liability for acts committed subsequent to the time of the filing of the bill was in issue.

### **The Trial Court's Decree**

The decree of the trial court (R. 156) is attached to and made a part of the petition herein as Exhibit "A". In paragraph I of the decree, by reference, the court found that a wrongful purpose and intent on petitioners' part had been established. It was decreed in Paragraph 6, that Kaseno Products Company and/or George F. Linquist have and/or has infringed each of the two patents in suit with respect to certain designated claims thereof. It was decreed in Paragraph 7, that the defendants, The Chas. H. Lilly Company and/or Wilmot H. Lilly have and/or has contributorially infringed each of said two patents as to the aforesaid claims. In Paragraph 9 it was decreed that plaintiff recover from the four defendants in the action the profits, gains and benefits which said defendants had, respectively, jointly or severally derived, received or enjoyed by reason of said infringement of said claims or which might have accrued to them jointly or severally by reason of said infringement of said claims, and that plaintiff recover

from said defendants either jointly or severally *any and all* damages which plaintiff had sustained or which might be sustained thereafter by reason of said infringing acts.

It will be noted that the decree did not hold petitioners liable only for acts committed prior to the filing of the bill of complaint, but held them liable for *all* alleged infringing acts, including those committed subsequent to the time suit was started.

### **Appellee's Previous Contentions as to Acts Subsequent to Suit**

Appellee now contends that petitioners' acts after the filing of the bill are not material; that evidence thereof was introduced for a limited purpose; that petitioners' liability with reference to such subsequent acts has not been adjudicated and that the trial court was without jurisdiction to adjudicate the question. On the appeal to this court the evidence considered by the trial court was included in the Statement of the Evidence certified to by the trial court and contained in the Transcript of the Record on appeal. On the appeal appellee insisted that this court consider the acts committed by petitioners after the commencement of suit, and hold petitioners liable for such acts. In this connection we quote excerpts from appellee's first answering brief in this court, found in the following designated pages thereof.

"On the 25th day of November, 1929, The Chas H. Lilly Co. entered into a stipulation (Ex. 11, R. 103) that on or before March 27, 1928, it did sell and deliver *and is now selling and de-*

*livering to Kaseno Products Co., its co-defendant herein, soya bean cake ground to glue specifications, that is, 80 mesh or finer, for use in the manufacture of adhesives or glues of said company.”* (Page 9)

“Kaseno Products Co. started to sell its full seed residue glues in the latter part of 1924 or the early part of 1925. It bought *all* of its soya bean flour from The Chas. H. Lilly Co. with the exception of one purchase from the Fisher Flouring Mill (R. 216).” (Page 17)

“Linguist testifies that their first use of caustic soda with soya bean glues was in March, 1927, and up to February, 1928, caustic soda was used in certain of Kaseno Soya bean glue formulae. From February, 1928, *up to and including the date of trial, May, 1931*, the Kaseno Products Co. used caustic soda as such with lime rather constantly in its glues (R. 215). Kaseno Products Co. first began the use of carbon bisulphide on July 9, 1927 (R. 210). After March, 1928, it used carbon bisulphide directly or indirectly with its soya bean glues (R. 215). \* \* \* It was this glue which the Kaseno Products Co. sold to the veneer industry, according to Linguist’s testimony, from the last of 1926 or the first of 1927, *up to the date of the trial, and continued until the issuance of the injunction by the Trial Court on July 11, 1932* (R. 215).” (Pages 21-22)

“The ‘Appellant Lilly Co.’ furnished *all* of the soya bean flour, *i. e.*, adhesive base, used by the

Kaseno Products Co. from 1926 to the date of trial, save and except one purchase of flour made by the Kaseno Products Co. from the Fisher Flouring Mill (R. 216), and in their stipulation (Ex. 11) they admit furnishing to Kaseno Products Co. the soya bean adhesive base for the manufacture of their glues. (*Italics Appellee's*)." (Page 25)

"It must be remembered that this case was started on February 14, 1929, and certainly on that date appellants knew they were charged with selling soya bean adhesive base which infringed the 'Caustic Soda' and 'Carbon Bisulphide' patents. They knew they were charged with acting in concert with Kaseno Products Co. to invade the patent rights of appellee. They knew that the Kaseno Products Co. was using carbon bisulphide and caustic soda in the manufacture and sale of its glues. Does the record disclose that even after such suit and notice that the appellants desisted in the sale of their soya bean adhesive base to Kaseno Products Co.? On the contrary, they continued with such sale up to the very date of the granting of the injunction on the 11th day of July, 1932. *There has not been one argument submitted by counsel for appellants or one authority cited which could or would relieve appellants from the liability for the sale of their soya bean adhesive base to Kaseno Products Co. after the commencement of this present suit February 14, 1929.*" (Page 97)

"Suffice it to say that the record is replete with



proof that appellants knew of the existence of the 'Caustic Soda' and 'Carbon Bisulphide' patents; that they knew or must have known Kaseno was using both caustic soda and carbon bisulphide, *and that they absolutely knew it after this suit was commenced*, because here they were charged with contributorily aiding and abetting in such infringement. Nevertheless, appellants continued to persist with their wrongful sale of their adhesive base up to the date of the injunction granted in the Trial Court. We hesitate to longer impose upon the time of the court to deal with such ill-founded statements of fact and conclusions drawn therefrom." (Page 101)

"Under the bill of complaint in this cause the appellants were charged with the commission of a continuous tort, a continuous wrong doing. The record is that they persisted in this continuous wrong doing up until the very close of the trial in 1931." (Pages 104-105)

"Then, a letter was sent by appellee, giving further notice of patent rights of appellee, and then further suits, including the patents in this suit, were instituted against appellants, yet even after all this, appellants persisted in their contributory infringement, *and this they have done all during the trial, and until positively stopped by the injunction of the Trial Court.*" (Page 129)

The following excerpts are taken from Appellee's second answering brief on the appeal in this court

and are found at the following designated pages thereof:

“Therefore, it follows that the Appellants intended to perform a tortious and unlawful act prior to the commencement of the ‘Johnson’ suit, which tortious and wrongful act at all times continued down to the day of the finding of the Trial Court in its Memorandum Decision on June 15, 1932.” (Page 8)

“But carrying the matter a step further, after the serving of the bill of Complaint in the case at bar, wherein they were actually charged with their unlawful acts, Appellants still do not cease the commission of such wrongful acts, but continue in their performance until the day of the signing of the Memorandum Decision, to-wit, June 15, 1932.” (Page 13)

“We respectfully submit to this Court that the admissions of Appellants as to intent (p. 36, Reply Brief), plus the finding of the Court as to the matter of original intent, plus the now adjudicated fact that the acts of Kaseno Products Co. were wrongful—in which acts the Appellants admittedly aided and assisted — now definitely determine the status of these Appellants *not only as of the date of the commission of the acts, but continuously down to the 15th day of June, 1932*, as that of contributory wrongdoers.” (Page 22)

“We have heretofore directed to the Court’s attention the fact that we did say in our Answering Brief that Appellants had continued

their sale of soya bean flour as a glue base, which we asserted was wrongful, up until the date of the signing of the injunction. This, we there admitted, was outside of the record. We believed it to be true. Appellants now say they continued to sell soya bean flour up until the day of the signing of the Findings of Fact and Conclusions of Law, but stopped on that day. We were evidently in error twenty-six days, that being the difference between the date of the signing of the Findings of Fact and the signing of the Decree. This error in date does not for one moment lessen the culpability of the Appellants *in continuing the use of soya bean flour as a glue base after all the evidence in the trial had been had and pending the ultimate decision of the Court.* Surely, during this period of time Appellants must have had notice and must have been charged with knowledge of the nature and character of their wrongful acts, but still they did not desist. Surely, such conduct shows a deliberate and determined attempt to continue their sale of soya bean flour as a glue base and to reap up to the very date of the decision of the Trial Court all the benefit and profit for themselves as were possible for them to do before being stopped by the Court.” (Page 33)

In Appellee’s petition for a rehearing in this court, among the grounds relied upon in support of the petition was the following:

“9. That this Court in concluding that appellants did not knowingly infringe the patents in

suit, overlooked the notice furnished by the bringing of suit, February 14, 1929, on the 'Caustic' and 'Carbon Bisulphide' patents, and that the appellants continued to furnish soya bean flour to the Kaseno Products Co. after instituting such suit." (Page 6)

In its argument in support of the petition for rehearing, Appellee said:

"As respects ground 9, we submit that appellants, after the bringing of this suit, 7084, on the 'Caustic' and 'Carbon bisulphide' patents, February 14, 1929, had full knowledge by reason of the detailed statements in the Bill of Complaint, of the infringing conduct of the direct infringer, the Kaseno Products Co., and therefore, the continuing to supply said direct infringer with the soya bean flour established beyond a peradventure of a doubt that the said furnishing of the flour was intentional and positive concerting with the Kaseno Products Co. in its infringing conduct." (Page 7)

In Appellee's petition for certiorari filed in the Supreme Court of the United States, which petition was denied on October 8, 1934, Appellee said:

"The Circuit Court of Appeals for the Ninth Judicial Circuit on December 21, 1933, in each of the two cases reversed the decision of the trial court so far as it held respondents liable as contributory infringers." (Page 3)

"The Circuit Court of Appeals for the Ninth Judicial Circuit held that respondents were not contributory infringers of *the patent* in suit and

reversed the District Court, concluding that there were no substantial evidence tending to establish knowledge and intent on the part of the appellants that the product furnished to Kaseno Products Co. was to be used or was being used by the latter for infringing purposes—  
 “\* \* \* *that there are no facts and circumstances disclosed from which such knowledge or intent might fairly be inferred or presumed, and that in the circumstances the appellants were not charged with the duty of ascertaining the character of the use to which Kaseno Products Co. was putting the element furnished to it by appellants (R. 343)*’ \* \* \*.” (Page 6)

“Under this decision of the Circuit Court of Appeals for the Ninth Circuit, one who sells an ordinary article of commerce, which is an element of a patented combination, is thereby relieved from *all liability* as a contributory infringer even though such sale be confessedly made with intent to aid and abet in a direct infringement.” (Page 8)

“If this error had not been squarely called to the attention of the Circuit Court of Appeals by the petition for rehearing, it could be said that the second reason might not constitute an adjudication, but when it is remembered that this matter was squarely called to their attention by the petition for rehearing and the petition denied, surely the District Courts of the Ninth Circuit must be bound by this decision of the Circuit Court of Appeals and must con-

sider the same as constituting *an absolute adjudication of the question*, namely, that he who sells an ordinary article of commerce, constituting an element of a patented combination, to a direct infringer, is not subject to injunction or accounting in a suit for contributory infringement, even though such sale be made with knowledge, motive, intent, design and purpose to aid and abet in the infringing act." (Page 10)

### **Opinion, Decree and Mandate of This Court**

The opinion of this court in the case under consideration is reported in 68 Fed. (2nd) 190. The following are excerpts from this opinion which petitioners believe to be particularly pertinent in this proceeding. Among other things this court said:

"The two patents involved in this case are Letters Patent 1,689,732, referred to as the Caustic Soda Patent, and Letters Patent 1,691,-661, referred to as the Carbon Bisulphide Patent. The relation of these patents to the Johnson Patent is explained as follows in the brief of Appellee: 'The Johnson 'Patent' covers broadly the use of soya bean flour as an adhesive base. The 'Johnson' patent may be termed the 'parent' patent, relating essentially to the glue base, while the 'Caustic Soda' and 'Carbon Bisulphide' patents, which relate to improvements in chemicals to be used in connection with the glue base may be termed 'improvement' or 'additional' patents, and are subsidiary to the 'Johnson' patent so far as the same relate to soya bean flour as a

glue base. The 'Caustic Soda' patent teaches, among other things, how to make a 'better glue', using soya bean flour as a glue base. The 'Carbon Bisulphide' patent teaches that an adhesive can be made water resistant with the use of carbon bisulphide."

\* \* \* \* \*

"Here, as in the Johnson Patent Case, but two of the defendants, namely, Chas. H. Lilly Company and Wilmot H. Lilly, have appealed from the decree in favor of appellee, and the sole question before this court is, Does the evidence sustain the finding that appellant Lilly Company and Appellant Lilly contributorily infringed appellee's patents?"

\* \* \* \* \*

"The evidence adduced by appellee in support of its charge of contributory infringement in this case is the same as in the Johnson Patent Case, as a reference to the opinion of the trial court will disclose (59 Fed. (2d) 811). A detailed discussion of the evidence in connection therewith would serve no useful purpose, but would merely be a repetition of what is recited in our opinion in the Johnson Patent Case. Here, as in the Johnson Patent Case, the evidence does not, in our opinion, establish that appellants furnished the element in question to Kaseno Products Company with the intent and for the purpose that it would be used in manufacturing *infringing glues*. For the reasons stated in our opinion in the Johnson Patent Case, and on the

authorities there cited, the decree herein *in so far* as it holds appellant Lilly Company and appellant Lilly guilty of contributory infringement of appellee's Caustic Soda Patent and Appellee's Carbon Bisulphide Patent, must be reversed; and it is so ordered." (Italics ours)

The decree of this court is attached to and made a part of the petition herein as Exhibit "B". The decree provides that:

"On consideration whereof, it is now here ORDERED, ADJUDGED and DECREED by this court \* \* \* *that the portion of the decree* of the said District Court in this cause holding appellant Lilly and appellant Lilly Company guilty of contributory infringement of appellee's Caustic Soda patent and appellee's Carbon Bisulphide patent, be, and hereby is reversed, with costs in favor of appellants Lilly and Lilly Company, and against the appellee."

The mandate of this court is attached to and made a part of the petition herein as Exhibit "C". The mandate expressly refers to the decree of the trial court filed July 11, 1932, and expressly makes said decree a part of said mandate. Among other things the mandate provides as follows:

"On consideration whereof, it is now here ORDERED, ADJUDGED and DECREED by this court that \* \* \* *the portion of the decree* of the said District Court in this cause holding appellants Lilly and appellants Lilly Company guilty of contributory infringement of appellee's caustic soda patent and appellee's carbon bisulphide pat-



ent be, and hereby is reversed, with costs in favor of appellants Lilly and Lilly Company and against the appellee.”

\* \* \* \* \*

“You, therefore, are hereby commanded that such execution and further proceeding be had in the said cause as to said appellants Lilly and Lilly Company in accordance with the *opinion and decree* of this court, and as according to right and justice and the laws of the United States ought to be had, the said decree of the said District Court as to said appellants notwithstanding.”

From the foregoing it will be seen that this court after a careful consideration of all of the evidence adduced by appellee in support of its *charge* of contributory infringement concluded that the evidence did not establish that petitioners furnished the element in question with the intent and for the purpose that it would be used in manufacturing *infringing glues*. This conclusion was reached after the consideration of acts committed by petitioners subsequent to the filing of the bill of complaint as well as those committed prior thereto. After considering the entire matter this court held that, *in so far* as the decree of the trial court held petitioners guilty of contributory infringement of appellee’s caustic soda patent and appellee’s carbon bisulphide patent, it should be reversed.

The decree of this court directed that *the portion* of the decree of the District Court holding petitioners liable as contributory infringers be reversed. The

mandate of this court contained a like provision and directed that further proceedings be had *in accordance with the opinion and decree of this court.*

**THE QUESTION OF PETITIONERS' LIABILITY FOR ACTS COMMITTED SUBSEQUENT TO THE FILING OF THE BILL OF COMPLAINT HAS BEEN ADJUDICATED BY THIS COURT.**

It will be seen from the foregoing statement of the case that under the pleadings and the evidence the question of petitioners' liability for acts committed after the filing of the Bill of Complaint was in issue. The decree of the trial court held petitioners liable for all infringing acts committed by them. In our brief on the order to show cause issued in cause No. 7083 in this court we pointed out that it was proper for the trial court to have adjudicated the question of petitioners' liability for acts committed after suit had been instituted. In support of that proposition we cited the following cases:

*Record & Guide Co. v. Bromley*, 175 Fed. 156, 163;

*M'Cabe v. Guaranty Trust Co. of New York*, 243 Fed. 845, 849;

*Equitable Trust Co. v. Western Pacific Railway Co.*, 244 Fed. 485, 506.

In answer to Appellee's contention that no supplemental Bill of Complaint was filed and that therefore the question of petitioners' liability for acts committed after the commencement of suit was not in issue, we pointed out that the Bill of Complaint alleged a continuing tort and the amended answer denied that

any tort had been committed, or was being committed, or that petitioners intended thereafter to commit any tort. We also pointed out that after the case had been submitted and the decision rendered in Appellee's favor, Appellee tendered to the Trial Court for signature and entry, a decree holding petitioners liable for *all* of their acts, which decree the court signed over petitioners' objections. We contended that under the circumstances the situation was the same as though Appellee had filed a formal supplemental Bill of Complaint. The same argument is applicable in this case. We also pointed out that no supplemental Bill of Complaint was necessary and in support of that proposition, quoted from the following citations:

21 C. J. 543;

*City of Denver v. Mercantile Trust Co.*, 201  
Fed. 790, 809, 810;

*Richardson v. Green*, 61 Fed. 423, 431.

The foregoing authorities are likewise in point in the proceeding in this cause and to avoid repetition we will not extend the argument further.

**THIS COURT HAS ADJUDICATED THE QUESTION  
OF CONTRIBUTORY INFRINGEMENT OF APPEL-  
LEE'S PATENTS AND NOT MERELY CERTAIN  
CLAIMS THEREOF.**

As was pointed out in the statement of the case, it was alleged that all of the acts complained of were in infringement of each and all of the claims of the patents, on each of which plaintiff relied. The appeal in this court was a trial *de novo*. This court held

in its opinion that the evidence adduced by Appellee in support of its *charge* of contributory infringement did not establish that petitioners intended that the article furnished by them should be used in manufacturing *infringing glues*.

To avoid repetition we will not here repeat the argument made in our brief in Cause No. 7083 in this connection. We submit that the opinion of this court did not limit the question of contributory infringement to certain designated claims of the patents but was broad enough to cover all claims thereof.

#### MANDAMUS IS THE PROPER REMEDY

To avoid repetition we will not here repeat the argument made, nor the quotations set forth in our brief in cause No. 7083 in support of our position that mandamus is the proper remedy. In that connection we cited the following cases:

*United States v. United States District Court*  
(C. C. A. 9) 272 Fed. 611;

*United States v. Howe, District Judge*, 280  
Fed. 815;

*In Re C. & A. Potts & Co.*, 167 U. S. 263,  
41 L. Ed. 994;

*United States v. Swan*, 65 Fed. 647;

*Delaware L. & W. R. Co. v. Rellstab*, 276  
U. S. 1, 72 L. Ed. 439;

*In Re Beckwith*, 203 Fed. 45;

*In Re L. P. Larson, Jr. Co.*, 275 Fed. 535;

*Gaines v. Caldwell*, 148 U. S., 228; 37 L.  
Ed. 432;

- Dubuque & Pacific Railroad Co. v. Litchfield*, 1 Wall, 69, 17 L. Ed. 514;  
*Ex parte Washington and Georgetown R. Co.*, 140 U. S. 91; 35 L. Ed. 339;  
*Wenborne-Carpen-Dryer Co. v. Cutler Dry Kiln Co.*, 21 Fed. (2nd) 692;  
*L. Bucki & Son Lumber Co. v. Atlantic Lumber Co.*, 128 Fed. 332.

#### AUTHORITIES CITED BY APPELLEE DISTINGUISHED

Appellee, in its "Argument in Support of the Return to the Order to Show Cause", has cited certain authorities which, it is claimed, support the proposed action of the trial court in limiting the decree on mandate to an adjudication with reference to acts committed prior to the filing of the bill of complaint. We will briefly consider each authority so cited.

In *Marsh v. Nicols, Shepard & Co.*, 128 U. S. 605; 32 L. Ed. 538, plaintiff did not have a good patent at the time suit was started, in that a necessary signature had not been subscribed to the document as required by law. During the pendency of the action, plaintiff obtained such necessary signature. The Circuit Court held that until the instrument was properly signed, it was not only defective but was entirely void; that plaintiff could not therefore maintain the suit and it dismissed the bill. In the Supreme Court, plaintiff contended that it was entitled to an accounting, at least from the date on which the

omission had been remedied. In that portion of its opinion relied upon by appellee, the Supreme Court said *that an accounting* for subsequent profits, after suit, could be demanded only where the infringement complained of took place previously and continued afterwards.

There was no showing that the pleadings put in issue the question of claimed infringements committed after plaintiff had secured a good patent; there was no showing that defendants had committed any infringing acts after plaintiff had obtained a good patent; there was no showing that plaintiff gave the statutory notice of its patent after it had secured a good patent; there was no adjudication by the Circuit Court that acts committed by defendants after plaintiff had secured a good patent were infringing acts; there was no decree entered by the Circuit Court holding defendants liable for such subsequent acts. The court simply dealt with the question of an accounting and did not hold that the question of acts committed after the filing of the bill of complaint might not, in a proper case, be adjudicated by the trial court. We submit that the situation in the cited case is not analagous to the situation in the case at bar.

Appellee cites 48 C. J. 323, where the author says:

“It is essential to a cause of action for infringement of a patent that an act of infringement shall have been committed prior to the institution of suit, *or*, where an injunction is asked, that infringement shall at least be actually threatened or reasonably apprehended.”

In support of the first portion of the quoted statement, the author cites *Humane Bit Co. v. Barnet*, 117 Fed. 316 and *Slessinger v. Buckingham*, 17 Fed. 454, both of which cases are cited by appellee and are referred to hereafter.

In *Slessinger v. Buckingham*, 17 Fed. 454, the trial court rendered an oral opinion which is reported in the Federal Reporter, as indicated. The court expressly stated that the evidence was insufficient to show an infringement before the filing of the bill "*or, indeed, an infringement at any time.*"

To establish infringement as alleged, plaintiff sought to prove the purchase and sale of one pair of boots. The court held that there was no showing that defendants made or sold the boots in question prior to the filing of the bill and, furthermore, that "*there is no positive testimony that these boots were made, or sold, by the defendants at all.*" The court held, "The bill is dismissed on the grounds alone of an insufficiency of the evidence to show an infringement, and failure, also, to show an infringement before the filing of the bill."

There is no showing that the pleadings put in issue the question of defendants' liability for acts committed after the filing of the bill. There is no showing that the evidence adduced showed infringing acts after the filing of the bill. On the contrary, the court held that there was no showing of infringement whatsoever.

In *Judson Mfg. Co. v. Burge-Donahoo Co.*, 47 Fed. 463, the opinion was rendered by the trial court. The proof did not show that the defendant either, prior

to suit or subsequent to suit, ever sold, made or manufactured any infringing machines. The court said:

“Respondent never sold, made or manufactured any of the machines. \* \* \* The testimony fails to show, to my satisfaction, that respondent sold or used any of the machines in this district.”

From the foregoing, it is clear, therefore, that there was no proof of any infringing acts committed by the defendant subsequent to the filing of the bill of complaint. There is a positive adjudication that no such acts had been proved.

In *Humane Bit Co. v. Barnet*, 117 Fed. 316, the opinion was rendered by the trial court on defendant's motion made to dismiss the bill on the ground that the act claimed to be an infringement was not committed until after the filing of the bill. The bill was filed October 3, 1894, and alleged that the defendant had made, used or sold bridle bits made, arranged, constructed and combined according to the construction and arrangement set forth in the claims of the patent. To prove the infringement alleged, plaintiff called one witness, who testified that on or about October 5, 1894, he had purchased the device claimed to be an infringement. There is no showing that the pleadings put in issue the question of defendant's liability for acts committed after commencement of suit. Plaintiff took no action which would amount to the filing of a supplemental bill of complaint. The trial court did not attempt to adjudicate the question of whether or not an infringe-



men had been committed after suit had been commenced.

In *Franklin Brass Foundry Co. v. Shapiro & Aronson*, 278 Fed. 435, the opinion of the court relates to the question of an accounting. It developed at the trial that defendant had not been given notice of plaintiff's patent, either constructive or actual, as required by statute, prior to the filing of the bill of complaint. The trial court held that plaintiff was entitled to an accounting in connection with acts committed by the defendant subsequent to the filing of the bill. There is no showing that the question of infringement with reference to acts committed after suit was started was put in issue by the pleadings. There is no showing that the evidence established infringing acts committed after suit started. There is no showing that the trial court adjudicated acts committed after the filing of the bill to have been infringing acts. The trial court simply ordered an accounting broad enough to cover acts committed after suit started. The Circuit Court of Appeals relied upon the case of *Marsh v. Nicols, supra*, in support of its holding that plaintiff was not entitled to an accounting for acts committed after the filing of the bill of complaint.

It is submitted that none of the authorities cited by appellee deal with a state of facts such as are before the court in the instant case and that none of the cited authorities refute the proposition that where the pleadings and evidence put in issue the question of defendant's liability for acts committed after the filing of the bill of complaint, and where the trial

court adjudicated such acts to be infringing acts and held defendant liable for all of such acts, the trial court had jurisdiction to adjudicate the question of defendant's liability in the premises.

### CONCLUSION

Petitioners have presented to the trial court for signature and entry a proposed decree on mandate which we submit is strictly in accordance with the opinion, decree and mandate of this court. Appellee has objected to the entry of such decree and has submitted a proposed decree which we submit is not in conformity with the opinion, decree and mandate of this court. The form of decree submitted by appellee attempts to limit the adjudication as to petitioners' liability to acts committed prior to the filing of the bill and to limit the question of contributory infringement to certain claims only of the patent and makes no disposition of the original decree. It is submitted that appellee's proposed decree attempts to restrict the holding of this court and to settle matters passed upon by this court in a manner contrary to the holding of this court. The trial court has definitely indicated that unless otherwise ordered, he will sign and enter the form of decree submitted by appellee.

For the several reasons hereinbefore stated, it is urged that a writ of mandamus be issued by this court, as prayed for.

Respectfully submitted,

JAY C. ALLEN,  
WELDON G. BETTENS,  
*Solicitors for Petitioners.*

United States  
Circuit Court of Appeals

For the Ninth Circuit.

---

JOSE MAYOLA,

Appellant,

vs.

UNITED STATES OF AMERICA,

Appellee.

---

Transcript of Record

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Upon Appeal from the District Court of the United  
States for the Northern District of California,  
Southern Division.

FILED  
AUG 24 1933  
PAUL P. O'BRIEN,  
CLERK



United States  
Circuit Court of Appeals  
For the Ninth Circuit.

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## INDEX

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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NAMES OF ATTORNEYS:

For Defendant and Appellant:

Chauncey Tramutolo, Esq., and  
Lemuel D. Sanderson, Esq.,  
704 Alexander Bldg.,  
San Francisco, Calif.

For Plaintiff and Appellee:

United States Attorney, San Francisco, Calif.

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In the Southern Division of the United States Dis-  
trict Court, Northern District of California.

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No. 24048-S

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UNITED STATES OF AMERICA

vs.

JOSE MAYOLA

NINTH COUNT: (Sec. 37 C. C. U. S.)

And the said Grand Jurors upon their oaths afore-  
said, do further present: That at a time to said  
Grand Jurors unknown and within this Division  
and District, said defendants [Albert A. Armstrong,  
Edward A. Campbell and Jose Mayola] did unlaw-  
fully conspire among themselves, and with other  
persons to said Grand Jurors unknown, to commit  
an offense against the United States, to-wit, to  
make and execute and cause and procure to be made

and executed and assist in making and executing zinc and film plates of the obverse and reverse sides in the likeness of genuine plates designated for the printing of an obligation and security of the United States, to-wit, a Ten Dollar (\$10.00) Gold Certificate of the United States of the Series of 1928, and not under the direction of the Secretary of the Treasury of the United States; to have in their control, custody and possession zinc and film plates of the obverse and reverse sides made after and in the similitude of the plates from which obligations and securities of the United States have been printed, with intent to use said plates and suffer same to be used in forging and counterfeiting obligations and security of the United States, to falsely make, forge, counterfeit and alter, with intent to defraud, a certain obligation and security of the United States, to-wit, a Ten Dollar [1\*] (\$10.00) Gold Certificate of the United States of the Series of 1928, and to keep in their possession and conceal, with intent to defraud, said falsely made, forged, counterfeited and altered obligation and security of the United States; and thereafter, and during the existence of this conspiracy, the said defendants committed and performed the following overt acts to effect the object of said conspiracy:

(1) That on or about November 25, 1931, at the City and County of San Francisco, in said Division and District, ALBERT A. ARMSTRONG, purchased a large copying camera.

(2) That on or about November 28, 1931, at the

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\*Page numbering appearing at the foot of page of original certified Transcript of Record.

City and County of San Francisco, in said Division and District, ALBERT A. ARMSTRONG purchased a transfer printing press.

(3) That on or about November 28, 1931, ~~Herbert L. Walkup~~ in his residence at 1638 8th Avenue, City and County of San Francisco, in said Division and District, furnished a room in which to print counterfeit Ten Dollar (\$10.00) Gold Certificates of the United States.

(4) That on or about April 6, 1932, in a room in a house located at 1638-8th Avenue, in the City and County of San Francisco, in said Division and District, Albert A. Armstrong printed three hundred and sixty (360) Ten Dollar (\$10.00) Gold Certificates of the United States.

(5) That on or about April 6, 1932, at the City and County of San Francisco, in said Division and District, Jose Mayola paid to Herbert L. Walkup the sum of \$500.00. \* \* \*

GEO. J. HATFIELD,  
United States Attorney.

Approved by  
I. M. P.

[Endorsed]: A true Bill Bert P. Osterman, Foreman.

[Endorsed]: Filed Jul 27 1932 Walter B. Maling, Clerk, By Lyle S. Morris, Deputy Clerk. [2]

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[Title of Court.]

AT A STATED TERM of the Southern Division of the United States District Court for the North-

ern District of California, held at the Court Room thereof, in the City and County of San Francisco, on Friday, the 26th day of August, in the year of our Lord one thousand nine hundred and thirty two.

Present: the Honorable, A. F. ST. SURE, Judge.

[Title of Cause.]

The defendant, Jose Mayola, was present in Court with C. F. Tramutolo, Esq., his Attorney. F. J. Perry, Esq., Asst. U. S. Atty., was present for United States. Defendant was duly arraigned, stated true name to be as contained in indictment. After hearing Attorneys, ordered case continued to Sep 13 1932 to plead. [3]

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[Title of Court.]

AT A STATED TERM of the Southern Division of the United States District Court for the Northern District of California, held at the Court Room thereof, in the City and County of San Francisco, on Monday, the 31st day of October, in the year of our Lord one thousand nine hundred and thirty two.

Present: the Honorable, A. F. ST. SURE, Judge.

[Title of Cause.]

This matter came on regularly for arraignment of defendant Albert A. Armstrong and for entry of plea of defendant Jose Mayola. The motion of defendant Jose Mayola to quash indictment came on to be heard, and after argument, it is ordered that said motion be and the same is hereby denied, and

defendant allowed an exception to the ruling of the Court.

The defendant Albert A. Armstrong was present without counsel. On motion of F. J. Perry, Esq., Asst. U. S. Atty., the defendant Albert A. Armstrong was duly arraigned and plead "Not Guilty" to the indictment, with the privilege of withdrawing said plea.

The defendant Jose Mayola was present with Chauncey Tramutolo, Esq., his Attorney, and the defendant Edward A. Campbell was present in the custody of the U. S. Marshal and without an Attorney. Thereupon the defendants Jose Mayola and Edward A. Campbell each plead "Not Guilty" to the Indictment. [4]

It appearing to the Court that the defendant Albert A. Armstrong is without funds with which to employ an Attorney, it is ordered that James B. O'Connor, Esq., be and is hereby appointed as Attorney for said defendant. Further ordered that this case be continued to Nov 5 1932 to be then set for trial. [5]

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[Title of Court and Cause.]

WE, THE JURY, find as to the defendants at the bar, as follows:—

EDWARD A. CAMPBELL	Not guilty	1st Count
	Not guilty	2d Count
	Not guilty	3d Count
	Not guilty	4th Count
	Not guilty	5th Count

Not guilty 6th Count  
 Guilty 7th Count  
 Guilty 8th Count  
 Not guilty 10th Count  
 Not guilty 11th Count  
 Not guilty 12th Count

## JOSE MAYOLA

Not guilty 1st Count  
 Not guilty 2d Count  
 Not guilty 3d Count  
 Not guilty 4th Count  
 Not guilty 5th Count  
 Not guilty 6th Count  
 Not guilty 7th Count  
 Not guilty 8th Count  
 Guilty 9th Count  
 Not guilty 10th Count  
 Not guilty 11th Count  
 Not guilty 12th Count

PARKE UPSHUR

Foreman''

[Endorsed]: Filed December 10, 1932. Walter B. Maling, Clerk, By J. A. Schaertzer, Deputy Clerk.

[6]

In the Southern Division of the United States District Court for the Northern District of California. First Division.

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No. 24048-S

---

Conv. Viol. Sec. 37 CCUS

THE UNITED STATES OF AMERICA

vs.

JOSE MAYOLA

JUDGMENT ON VERDICT OF GUILTY.

H. A. van der Zee, Assistant United States Attorney, and the defendant with his counsel came into Court. The defendant was duly informed by the Court of the nature of the Indictment filed on the 27th day of July, 1932, charging him with the crime of violating Section 37 CCUS of his arraignment and plea of Not Guilty; of his trial and the verdict of the Jury on the 10th day of December, 1932, to-wit:

“WE THE JURY, find as to the defendants at the bar, as follows:

EDWARD A. CAMPBELL	Not guilty	1st Count
	Not guilty	2d Count
	Not guilty	3d Count
	Not guilty	4th Count
	Not guilty	5th Count
	Not guilty	6th Count
	Guilty	7th Count

	Guilty	8th Count
	Not guilty	10th Count
	Not guilty	11th Count
	Not guilty	12th Count
JOSE MAYOLA	Not guilty	1st Count
	Not guilty	2d Count
	Not guilty	3d Count
	Not guilty	4th Count
	Not guilty	5th Count
	Not guilty	6th Count
	Not guilty	7th Count
	Not guilty	8th Count
	Guilty	9th Count
	Not guilty	10th Count
	Not guilty	11th Count
	Not guilty	12th Count
	PARKE UPSHUR	
	Foreman"	[7]

The defendant was then asked if he had any legal cause to show why judgment should not be entered herein and no sufficient cause being shown or appearing to the Court, and the Court having denied a Motion for New Trial and a Motion in Arrest of Judgment; thereupon the Court rendered its Judgment; THAT, WHEREAS, the said JOSE MAYOLA having been duly convicted in this Court of the crime of violating Section 37 C. C. U. S.

IT IS THEREFORE ORDERED AND ADJUDGED that the said JOSE MAYOLA be imprisoned in a U. S. Penitentiary to be designated



by the Attorney General of the United States for the period of TWO (2) YEARS and pay a fine in the sum of TWO THOUSAND FIVE HUNDRED (\$2500.00) DOLLARS as to Ninth Count. Further ordered that in default of the payment of said fine said defendant be further imprisoned until said fine be paid or until he be otherwise discharged in due course of law.

Judgment entered this 10th day of December, A. D. 1932.

WALTER B. MALING, Clerk,  
By C. W. Calbreath,  
Deputy Clerk.

[Endorsed]: Entered in Vol. 28 and Decrees at page 193. [8]

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[Title of Court and Cause.]

Defendant Mayola's

AMENDED BILL OF EXCEPTIONS  
on appeal from the Judgment.

Be it remembered, that the above entitled action came on regularly for trial upon the indictment and the pleas of not guilty entered by defendants Mayola and Campbell, and was tried before Honorable A. F. St. Sure, District Judge, and a jury, on December 6th, 7th, 8th, 9th and 10th, 1932; Mr. Herman Van Der Zee, Assistant United States Attorney, appearing for the plaintiff, Mr. Chauncey Tramutolo appearing as attorney for defendant Mayola, and Mr. Joseph L. Sweeney appearing as attorney for the

defendant Campbell. The indictment was in twelve counts, the defendants being named in the first count as Albert A. Armstrong, Edward A. Campbell and Jose Mayola, and referred to as "said defendants" in all of the remaining counts. Defendant Mayola was acquitted on all counts excepting the Ninth Count, which charged a conspiracy among said defendants and with other persons to the grand jurors unknown.

The government proved a conspiracy, as charged, among said [9] Armstrong, said Campbell, and one Herbert Walkup, by calling the following named witnesses,

Albert A. Armstrong,  
W. R. Jarrell,  
Albert Madsen,  
Charles M. Wagner,  
Richard L. Dineley,  
J. C. Craik, Jr.,  
Thomas J. Acheson,  
Joseph Kraushwaar,  
Sheridan Moffitt,  
Phillip Geauque,  
Mrs. Helen Walkup, and  
Luther Whiteman,

who gave testimony tending, and sufficient, to prove the following facts:

At all times hereinafter mentioned, said Walkup lived with his wife, the witness Helen Walkup, in a bungalow at number 1638 Eighth Avenue, in San Francisco, California (hereinafter called "the Walkup house"), and owned and conducted a busi-

ness known as Walkup Map Company at number 634 California Street, San Francisco, California (hereinafter called "the Walkup office"). By 1931, Walkup was in debt and in bad financial condition. About September, 1931, two strangers, one Johnson and the defendant Armstrong, seeking employment as lithographers, called upon Walkup at the Walkup office. Walkup told them that he intended to put in a lithographing plant, but would have to wait for several weeks because the man who was to finance it was in the East, in New York or Washington. In the course of three or four weeks, or about October, 1931, Walkup asked Armstrong and Johnson whether they would consider going to South America at pay of one hundred dollars a week and bonus of ten thousand dollars at the end of a year, and when questioned as to why the pay and bonus would be so large, Walkup stated that he wanted Armstrong to go down there and counterfeit Columbia money. Armstrong and Johnson refused. Meanwhile, about the middle of 1931, defendant Campbell had requested one Richard Dineley (an exporter of arms and munitions) to introduce Campbell to a consul of [10] some Central American country, so that Campbell could broach to the consul a scheme of counterfeiting foreign bonds or money. Dineley forthwith secretly informed the San Francisco agent in charge of the Secret Service of the United States Treasury, and kept said agent secretly informed from time to time thereafter. Dineley led Campbell on until, about January, 1932, Campbell stated to Dineley that he, Campbell, had a contact with

counterfeiters, and wanted Dineley to become Campbell's agent to connect with Central American people who would enter such a transaction; and it was finally arranged that Campbell was to submit to Dineley a sample or proof of a counterfeit Colombian ten dollar bill. About a month before, Walkup had telephoned to Armstrong and requested the latter to call again at the Walkup office. Armstrong did so, and was told by Walkup that he and Campbell knew where they could buy a camera. Walkup, through Campbell, bought the camera from the witness Craik, the camera being the photographic part of a photo-engraver's outfit. Walkup and Armstrong hauled the camera in Walkup's truck to the Walkup office, where Walkup, Campbell and Armstrong installed it in a specially built dark room. A printing press was obtained and was installed by Campbell and Armstrong in the Walkup house. Armstrong had not had previous experience with a camera, and therefore spent three or four weeks practicing with it before succeeding in getting proper negatives from which to produce a proof or sample of a counterfeit Colombian note for Campbell to submit to Dineley. About January, 1932, a negative or film of a Colombian bill was photographed by Armstrong, transferred to lithographing stones (purchased in the regular course of business by Walkup from the witness Madsen, a dealer therein), and therefrom a printer's proof was struck off by Armstrong on the press in the Walkup home. Dineley called at the Walkup office, examined the

proof, and rejected it, saying that it [11] was a cheap lithograph, and that he had expected a steel engraving. When Dineley left, a quarrel arose between Campbell and Armstrong, and Armstrong ordered Campbell to leave the office, which the latter did. In the interim, however, early in January, 1932, Campbell had unsuccessfully tried to interest the witness Acheson (whose business was Latin American investments) in arranging to make deliveries of counterfeit money to such persons as Campbell might designate in Latin America. Finally, in February, 1932, Armstrong commenced preparations to counterfeit ten dollar gold certificates of the United States of America, series of 1928; made photographic films thereof with the camera at the Walkup office, transferred them to lithographing stones, and printed the counterfeits on the press at the Walkup home, a total of 1260 bills printed three to a sheet, which were later cut into single bills on a cutting machine at the Walkup office. Walkup told Armstrong that he, Walkup was going to take the counterfeit bills to Panama where he was to receive for them twenty-five per cent of their face value, or a total of three thousand dollars, with which he would return to San Francisco and start a legitimate lithographing plant in partnership with Armstrong. One of the counterfeit bills was received on April 7, 1932, by the Federal Reserve Bank of San Francisco, having been passed in San Francisco about April 6, 1932. The printing and cutting were completed by April 8, 1932, and

the press in the Walkup home was dismantled on that day. On April 9, 1932, Walkup sailed from San Francisco for Panama on the ship Virginia of the Panama Pacific Line, with the 1260 counterfeit bills in a home-made money belt on his person. Walkup subsequently returned to San Francisco with about 300 of the counterfeit bills, and told Armstrong that the deal had gone flat and that he had left the remainder of the counterfeit bills in Panama, and got nothing for them; and together they burned the remaining 300 bills. [12] Thereafter, on July 27, 1932, Secret Service agents Geauque and Moffitt searched the Walkup office and the Walkup home, and seized the camera and photographic materials and paraphernalia and a film of the counterfeit ten dollar gold note at the former, and the lithographing stones at the latter, all of which were identified and proved at the trial to have been used in the manufacture of the 1260 counterfeit gold notes; and on that day, July 27, 1932, Walkup became a suicide.

The following is the substance of all of the evidence offered and received to connect defendant Mayola with said conspiracy:

The Government called

ALBERT A. ARMSTRONG (defendant),

as a witness, who being sworn, testified:

I never had any conversation with Mr. Mayola. On the morning of April 8, 1932, Mr. Mayola came into the Walkup home. He was introduced to me, we had a drink. Mr. Walkup had three or four of

(Testimony of Albert A. Armstrong.)

the counterfeit bills in his hands, also one genuine bill, and he turned to Mayola and said, "What do you think of that?" Mr. Mayola said, "I can't tell a good one from a bad, they all look alike to me." At that time, the 1260 counterfeit bills were lying in the corner of the room covered over between pieces of thick cardboard that were put there to press them out flat. I next met Mr. Mayola on the boat on April 9, 1932; he was with Mr. Walkup and I left them together in the stateroom.

Q. Do you recall a conversation with Mr. Walkup and Mr. Mayola in April, 1932, concerning the payment for the expenses of the trip to South America?

The question was objected to by Mr. Tramutolo as leading and suggestive. The prosecutor stated that the contention of the Government was that the conspiracy is still in effect and was up [13] until the time of the arrest of the first conspirator. Thereupon, the court overruled the objection and an exception was noted.

#### EXCEPTION NO. 1.

A. I have never had any conversation with Mr. Mayola, nor in his presence, in regard to the payment of expenses of the trip or anything of that sort; Mr. Walkup told me that he had got \$500.00 from Mr. Mayola for the expenses of the trip and Mr. Walkup divided the \$500.00 with me, so that I could have \$250.00 of it while looking after Walkup's business while he was away; he said he might be gone three months.

(Testimony of Albert A. Armstrong.)

I have never had any conversation with Mr. Mayola concerning the counterfeit bills, nor about making counterfeit bills. I never talked with Mr. Mayola excepting two or three minutes when I met him in the Walkup home on the morning of April 8, 1932, and then I only shook hands with him and said how do you do.

The first time I heard of Mr. Mayola was along in October, 1931, in a conversation with Mr. Walkup.

Q. What was that conversation?

Mr. Tramutolo objected to the question upon the ground that the question called for hearsay. The objection was overruled and an exception noted.

#### EXCEPTION NO. 2.

A. Myself, Mr. Johnson and Mr. Walkup were present and I said to Mr. Walkup that I must know who these people are who want me to go to work in South America, and Mr. Walkup said that it was his next door neighbor, Mr. Mayola, who was going to put over a big deal in South America and was going to put in the lithograph plant.

#### Cross-Examination by Mr. Tramutolo.

I have never been in Mr. Mayola's home, which is next door to the Walkup home. When I first met Mayola on April 8, 1932, we were just introduced and shook hands and said glad to meet you, and so forth; Mr. Walkup said, [14] "Well, the job is finished now, let's have a drink," and we had a drink together; then Mr. Walkup took him by the



(Testimony of Albert A. Armstrong.)

shoulder of his coat, turned around and picked up some bills there and said, "What do you think of these, how do they look to you?" he says, "I can't tell a good one from a bad one, they all look alike." Then the two of them went over to the corner of the room. I took more than one drink, in fact two or three, I had quite a few, there was a pint bottle of whiskey in the room. I do not remember whether Mr. Mayola took a drink or not. After Walkup drank, he was feeling pretty good. It was around nine o'clock in the morning that I met Mayola. I next saw him the next day in the stateroom on the boat. He and Walkup were together. The next time I saw Mr. Mayola was here in the courtroom when we were arraigned on this indictment.

Q. Isn't it a fact that Mr. Walkup went to South America or to Panama as he desired to get a job to refrigerate milk what was produced on a farm there belonging to Mr. Ibanez?

A. I don't know anything about that.

Q. Didn't you know that he had communicated with the International Harvester representatives here in San Francisco and asked them if they could equip him with a truck or refrigeration materials that he wanted to ship to Mr. Ibanez's place in Panama so that Mr. Ibanez could ship milk to Panama or the coast?

A. No, I never heard of it before.

Redirect Examination by Mr. Van Der Zee.

All I know about Mr. Mayola was that Mr.

(Testimony of Albert A. Armstrong.)

Walkup told me between November, 1931, and April 9, 1932, the day the boat sailed.

Mr. VAN DER ZEE: Q. What was the approximate date of the first conversation?

Mr. TRAMUTOLO: We object to any conversation unless Mr. Mayola was present.

The COURT: Overruled.

Mr. TRAMUTOLO: Exception.

### EXCEPTION NO. 3. [15]

A. I would say that was along about the time when I started to talk to him about getting nervous about getting the plant in. Then when he told me that they wanted me to go down to South America, —then he told me at that time that Mr. Mayola was a big man down there and that I didn't have anything to fear in detection; it was an easy way to make ten thousand dollars; I would have all the protection from the government officials down there; I would be perfectly safe. That was what he told me at that time.

Q. Did he describe Mr. Mayola to you at that time? A. No.

Q. How did he refer to him?

A. Just referred to him as a South American he knew. He told me he was his next-door neighbor.

Q. You were asked if Mr. Walkup didn't say or if you were not advised and informed that Mr. Walkup was going to Panama in connection with some milk refrigeration process. What did he say he was going there for?

### EXCEPTION NO. 4.

(Testimony of Albert A. Armstrong.)

A. He said he was going to take the counterfeit money down there and deliver it and receive payment for it down there.

Recross Examination by Mr. Tramutolo.

When I met Mr. Mayola in the Walkup home on April 8, it was before I dismantled the press. I had just started to take the press down before Mr. Walkup brought Mr. Mayola in. The counterfeiting job had been finished the night before, or on April 7, and when I went in there on the morning of the 8th the job was dried and set and we were ready to take the press down and get it out of there. [16]

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The Government next called

CHARLES M. WAGNER,

as a witness, who being sworn, testified:

In April, 1932, I was steamship clerk with the Panama Pacific Line at San Francisco. The Virginia is one of the boats of that line and left San Francisco on April 9, 1932, for New York. I recognize Jose Mayola, one of the defendants, in the courtroom. On April 6, 1932, I had a conversation with him in the San Francisco office of Panama Pacific Line. At that time he purchased a ticket for himself and made a reservation of stateroom No. 318 for himself and Mr. Walkup on the Virginia. Mr. Mayola's ticket was a round-trip ticket

(Testimony of Charles M. Wagner.)

from San Francisco to New York with stop-over at Balboa, Panama. Subsequently, Mr. Walkup purchased a ticket from San Francisco to Balboa and return. The Virginia departed from San Francisco on April 8, 1932, and returned thirty-seven days later.

Cross-Examination.

Mr. Walkup purchased his ticket at a subsequent time on the same day, April 6, 1932.

---

The Government next called

DAVID BARRY,

as a witness, who being sworn, testified:

I am employed as a clerk by Hibernia Savings & Loan Society and have access to all of the records. There is a savings account in the name of Jose Mayola, in which a balance of \$5,000.00 stood to his credit on April 6, 1932, and on that day he withdrew \$1,000.00 in cash, leaving a balance of \$4,000.00 in the account.

---

The Government next called

HELEN WALKUP,

as a witness, who being sworn, testified:

I live in San Francisco at 1638 Eighth Avenue and am the widow of Herbert L. Walkup, deceased. Mr. Walkup died July 27, 1932, at the age of forty-

(Testimony of Helen Walkup.)

one. I recognize the defendant, Jose Mayola, in the courtroom. I first met him three [17] or four years ago when he first moved next door to us. He was never in our home in the year 1931, nor in 1932 until one evening about the first of April when he came over to talk to me about Mrs. Mayola. He next visited our home in the evening before he sailed for South America; Mr. Mayola and his wife and daughter came over and we talked, perhaps half an hour, about his daughter managing the boys while he was away, and then they all went home. In the morning of April 8, 1932, Mr. Mayola came over to our home. Mr. Walkup and Mr. Armstrong were there. I was not in the room where they were and did not hear any conversation. At one time, when Mr. Walkup returned from Mr. Mayola's residence, Mr. Walkup told me about a conversation between him and Mr. Mayola at which I was not present.

Q. What did Mr. Walkup say?

Mr. Tramutolo objected upon the ground that the question called for hearsay, and the court overruled the objection and an exception was noted.

#### EXCEPTION NO. 5.

A. He told me that Mr. Mayola said that it would be best if they carried their counterfeit bills on them, under their clothes, and that it would be better for Mr. Walkup to carry them, because Mr. Mayola was a larger man and all that around his waist would make him look much larger than nor-

(Testimony of Helen Walkup.)

mal. I told Mr. Walkup that I thought he was being foolish in taking it all.

The date Mr. Walkup sailed he carried all of the money in a sort of belt made of cloth, which had been made the night before.

I did not have a very good look at the 1260 counterfeit bills altogether, but a month or two before a couple of the bills had been finished and when they were examined, they were shown to me to see if I thought they were good; I didn't know anything about it, but they looked good to me; at that time Mr. Armstrong, Mr. Walkup and myself were present, but most times it was just Mr. Walkup and myself. I saw all the counterfeit bills in the belt [18] ready to be taken. I next saw three thousand dollars of them when Mr. Walkup came home from South America; he immediately burned them up in the kitchen stove. When the counterfeit bills were being made in my residence, I knew during all the time that they were being made.

Mr. Walkup was hard pressed financially. He told me where he was getting money for the trip.

Q. What did he say?

Mr. Tramutolo objected upon the ground that the question called for hearsay. The court overruled the objection and an exception was noted.

#### EXCEPTION NO. 6.

A. Two or three days before the day of sailing, Mr. Walkup told me that Mr. Mayola had agreed to give him \$500.00 out of which Mr. Walkup stated

(Testimony of Helen Walkup.)

that he was to give Mr. Armstrong some and the remainder was to finance Mr. Walkup's trip to take the bills down.

I did not see the money belt made, in which the money was carried by Mr. Walkup, but Mr. Walkup told me who made it.

Q. Whom did he say made it?

Mr. Tramutolo objected upon the ground that the question called for hearsay. The court overruled the objection and an exception was noted.

#### EXCEPTION NO. 7.

A. Mr. Walkup told me that Mrs. Mayola had made it.

Cross-Examination by Mr. Tramutolo.

I met Mr. Mayola about three or four years ago when he first moved next door to us; our house is number 1638 Eighth Avenue and his number is 1642. The first time Mr. Mayola was ever in our home was when he came sometime in March before he went away, to talk to me about his wife who is mentally incompetent but harmless. I have seen her sewing in her own home, but never saw her make a belt of any kind. I had [19] been in the Mayola home on several occasions. I did not see the counterfeit money put in the belt, but I saw it in the belt after it was packed and ready to be put on, that was on the night of April 8 when Mr. Walkup put the belt on to see how it would fit. The belt was made of white cloth, something like a carpenter's

(Testimony of Helen Walkup.)

apron, the bottom stitched and the top open and the seams made eight or ten pockets in which the 1260 bills were evenly distributed. Sometime in February or March, Mr. Walkup told me that Mr. Mayola was planning to go to New York via South America, but the time of departure was unsettled until about two weeks before sailing; and Mr. Walkup decided to go with him. Mr. Walkup purchased his ticket one or two days before the boat sailed. I don't remember seeing him put the money belt on with the counterfeit currency in it on the morning of the 9th when he dressed. He left the house on the morning of April 9 and went to his office and I later took the machine and picked him up at his office and drove to the boat and we met Mr. Mayola there about half an hour before the boat sailed. Mr. Walkup and Mr. Mayola occupied the same stateroom.

I knew from July, 1931, that Mr. Walkup contemplated counterfeiting. At first, he was talking about Colombian money. It must have been around October, 1931, as near as I can remember, that he first told me he was going to counterfeit American money. I first saw some counterfeit currency finished in February or March, 1932, in my home. Mr. Walkup would bring a sample out of the back room and show it to me.

#### Redirect Examination.

It was back in July, 1931, that Mr. Walkup talked to me about the manufacture of Colombian currency and those conversations between me and Mr.



(Testimony of Helen Walkup.)

Walkup on the subject took place at a time when he had taken Mr. Mayola downtown in his car and Mr. Walkup stated that they had discussed making Colombian [20] money. Later Mr. Walkup spoke about making American money.

Q. Between February, 1932, and April 9, the day of sailing for South America, did Mr. Walkup tell you anything about conversations with Mr. Mayola concerning counterfeit money?

Mr. Tramutolo objected upon the ground that the question called for hearsay. The court overruled the objection and an exception was noted.

EXCEPTION NO. 8.

A. Around in March Mr. Walkup told me that Mr. Mayola might take him to South America with him to dispose of the money.

Q. Did he mention names of other persons to be concerned with that counterfeit money?

Mr. Tramutolo objected upon the ground that the question was leading and suggestive. The court overruled the objection and an exception was noted.

EXCEPTION NO. 9.

A. He said Mr. Mayola knew some one in South America who could handle it.

Q. Did he mention the name of that party in South America?

Mr. Tramutolo objected upon the ground that this conspiracy terminated after the money was made. The court overruled the objection and an exception was noted.

EXCEPTION NO. 10.

(Testimony of Edward A. Campbell.)

A. He told me that Mr. Mayola introduced him to two men, Sisto Posso and Senior Ibanez, in South America, who wanted to handle the money if it was good enough.

The plaintiff rested.

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Thereupon, the defendant,

EDWARD A. CAMPBELL,

called as a witness in his own behalf, being sworn, testified:

Direct Examination by Mr. Sweeney.

I was fifty-eight years old on September 26, 1932; was born in Scotland and am a citizen of [21] Canada, where I have lived most of my life. I was in the general construction business in Vancouver. On March 14, 1930, I came from Seattle to San Francisco and remained until June 28, 1930, when I returned to Vancouver, and I came back to San Francisco September 2, 1930, and remained here or in the bay region until March 2, 1932, when I went to Vancouver. I have never been in South America or Latin America, but have traveled pretty well over the United States and Canada and the old country. I built two small buildings in Seattle and a shipyard in Tacoma in 1918. (Notebook, U. S. Exhibit No. 5, shown to witness). (Pursuant to stipulation and order, said exhibit will be certified

(Testimony of Edward A. Campbell.)

by the clerk, and is hereby referred to and incorporated herein). That is mine and contains the names of people contacted by me at various times.

Cross-Examination by Mr. Van Der Zee.

I cannot say that the names and addresses in the notebook, U. S. Exhibit No. 5, are all in my handwriting; some of them are and there may be some that are not; that notebook was in my possession when I was arrested in British Columbia, at which time I had owned it probably about a year. I cannot approximate the time when the name of Jose Mayola was written in the book, nor can I say when the names of Mr. Acheson and J. C. Craik were written. I took the names out of an old book and entered all of them at one time. I like to keep two address books, so if I lost one I would have the other. I like to keep the names and addresses of parties I meet. I met Mr. Mayola about July 1, 1931. I cannot say whether his name was in the old book, I may have copied his name from the old book but could not say. I wrote in the book the notation, "J. A. Mayola, 508 Adam Grant Building, Mr. Neal," with notation, "Columbia," and "Home 1642 Eighth Avenue," in the lower lefthand corner. I think this book was made up in 1931 and it might have been August or September, 1931, that I wrote that. The occasion of writing that particular name, address, and notation, "Columbia," was that I always put the [22] business address and home address to; and as regards Colombia, Mr. Mayola

(Testimony of Edward A. Campbell.)

spoke about mines in Colombia and it was only to bring my memory back to what I had met him about. I wrote in the book the notation, "H. G. Walkup Map Company, 634 California Street, Exbrook 3364," but cannot approximate the time when, and I do not know the occasion for writing that.

Redirect Examination by Mr. Sweeney.

The notebook, U. S. Exhibit No. 5, is in alphabetical order, and contains the names of many people.

Q. I see the name of Frank Noon—you had no business transaction with him—Did you ever meet him? A. Just once.

Q. I notice the name of Mr. Lurie; did you ever meet him? A. Once in Vancouver.

Cross-Examination by Mr. Tramutolo.

When I met Mr. Mayola in July, 1931, it was at his office, 114 Sansome Street, Adam Grant Building, and Mr. Walkup and Mr. Roland were with me; and at that time I talked to Mr. Mayola with regard to mining propositions that he owned in Colombia. I met Mr. Mayola just once after that, in the Walkup office, about October, 1931, when I brought some boat plans to present to Mr. Mayola. Mr. Walkup had told me that Mr. Mayola had stated that the Colombian government had passed a subsidy act for a line of boats between Colombia and New York, and that Mr. Mayola was looking for three vessels of a certain size, and I obtained the

(Testimony of Edward A. Campbell.)

plans to show to Mr. Mayola (boat plans shown to witness), that is the plan that I handed to Mr. Mayola; my purpose was to earn a commission, which I was to be paid if Mr. Mayola purchased the boats.

I was extradited from Vancouver and brought to San Francisco. I did not see the affidavit of Herbert Walkup that was used in my extradition hearing in Vancouver. I presume that his affidavit was used in the hearing.

Mr. TRAMUTOLO: I now ask that the Government furnish me, [23] if they will, with the original affidavit of Mr. Herbert Walkup, dated June 30, 1932.

Thereupon, Mr. Van Der Zee stated that he did not have the document, but they would cause a search to be made for it; he said that he did have a statement made by Herbert Walkup on July 1, 1932, if counsel wished to use it. Mr. Tramutolo replied that he did not want that one, but wanted the one of June 30, 1932.

Mr. VAN DER ZEE: If it is the purpose of counsel to show what Mr. Walkup stated with regard to this transaction, here is the statement dated July 1, 1932, and he is welcome to use it.

Mr. TRAMUTOLO: I am asking for the specific statement made on June 30, 1932.

(After recess). Mr. Van Der Zee stated that he had had a search made by Secret Service Agent Jarrell, and was prepared to offer every statement that Mr. Walkup made for such disposition as the

(Testimony of Mr. Jarrell.)

court thought proper. Mr. Tramutolo replied that he was requesting one particular statement, specifically the one of June 30, 1932.

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Thereupon, Mr. Van Der Zee recalled

MR. JARRELL

as a witness, who testified that Herbert Walkup made two statements, one on June 30, 1932, and the second one on July 1, 1932. Both of those statements were introduced at the hearing on the extradition of defendant Campbell, at which hearing I was present. The statements were not read at the hearing.

Mr. TRAMUTOLO: I ask to read that portion your Honor.

The COURT: Very well, read it.

Mr. VAN DER ZEE: We object to counsel reading a portion of this statement unless we are permitted to introduce the entire statement, and any other statements used, by Mr. Walkup, in this hearing.

The COURT: I will not say about that. You may indicate to the jury what it is you are reading from.

Mr. TRAMUTOLO: Gentlemen, this is a statement taken of Mr. Herbert [24] L. Walkup, San Francisco, on June 30, 1932—without reading all the preliminaries, I will get to the question that I think is pertinent and the one that I want to introduce into the record, it starts with asking his age, address, whether he is a native, and married, and

(Testimony of Mr. Jarrell.)

then, after being asked several other questions, this question was asked him:

“Q. What does Mr. Mayola know about it?

A. I don't think the man knows anything about the counterfeit money. I am not trying to protect the man but the man honestly was talking about mines—got power of attorney for a mine while in Panama, talked mine to two other people I know of while there. I know Mayola has promoted some big mine companies in Colombia—the Colombia Gold and Platinum Company.”

Redirect Examination of witness Jarrell by Mr.  
Van Der Zee.

This statement of June 30, 1932, of Mr. Walkup, was presented entirely to the magistrate on that extradition hearing, not only the question and answer just read by Mr. Tramutolo, but all the other questions and answers also. At the same time another statement signed by Mr. Walkup and dated July 1, 1932, was also used on that extradition hearing; I recognize the signature of Thomas B. Foster on the statement of July 1, 1932, and I testified at the extradition hearing to the signature of Mr. Walkup, and I know of my own knowledge that the statement of July 1, 1932, was used in the hearing on the extradition of Mr. Campbell in conjunction with the Walkup statement of June 30, 1932.

Thereupon, Mr. Van Der Zee offered both statements, the one of June 30, 1932, and the one of July 1, 1932, in evidence, to which offer Mr. Tramu-

(Testimony of Mr. Jarrell.)

tolo objected as not being proper cross-examination and that the offer contained incompetent evidence. The court overruled the objection and received both statements as one exhibit, U. S. Exhibit No. 8, and an exception [25] was noted.

#### EXCEPTION NO. 11.

(Pursuant to stipulation and order, said exhibit will be certified by the clerk, and is hereby referred to and incorporated herein.)

(It was stipulated that the date of suicide of Herbert Walkup was July 27, 1932).

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Next

WILLIAM T. DINNEEN,

called as a witness for defendant Mayola, being sworn, testified: I have resided in San Francisco since 1920, and have known the defendant Jose Mayola since 1918. I first met him in Colombia when I was sent down there for the Anglo Colombia Development Company. In 1922 I was again in Colombia and saw him in connection with properties, and again in 1924. I had dealings with Mr. Mayola, by way of obtaining mining properties from him for my principals in London. I know Mr. Mayola to be an extensive owner of mining properties in Colombia, and I investigated him through the Chamber of Commerce in Colombia. In April, 1932, I wired to Mr. Mayola to make inquiries for me in regard



(Testimony of William T. Dinneen.)

to the British-Panama Gold Company in Panama. I have seen Mr. Mayola's properties in Colombia. They are alluvial platinum and gold deposits. The wire that I sent to Mr. Mayola in April, 1932, was sent through Western Union. (The telegram was here received in evidence and reads as follows:

“If possible ascertain status British Panama Gold Corporation from the record. Dinneen.”

That company has concessions on each side of the canal and I wanted to learn whether it was bankrupt. I received a reply from Mr. Mayola reporting the status of the company that I inquired about. For the interests that I represent I have had large transactions with Mr. Mayola, the largest being one that I now have up with [26] London, involving 250,000 pounds, or about a million dollars at the present rate of exchange, which transaction is still in course of negotiation. I have acted for Mr. Mayola in probably seven or eight transactions with London. Up to the end of 1930, he was with my office and thereafter he had an office on the fifth floor of the building, the Adam Grant Building. I know Mr. Mayola's general reputation for truth, honesty and integrity and it is good.

Cross-Examination by Mr. Van Der Zee.

I do not particularly follow current affairs in Colombia. I sometimes read newspaper clippings sent me from there by my agent in Bogota, regarding mining legislation or something like that. I did

(Testimony of William T. Dinneen.)

not read in any newspaper clippings from Colombia around June or July, 1932, nor did I receive any, and I do not recall any newspaper stories about a counterfeit plot at that time. I read the name of Sixto Posso in the San Francisco papers. I knew that Mr. Sixto Posso was a friend of Mr. Mayola's and had talked to Mr. Mayola about him; I think it was in 1929 or 1930 when I remitted \$2,000.00 to Mr. Sixto Posso. I do not know where he is now and was never informed that he was in jail in Colombia.

The defendant Mayola next called

Frank R. Dann,  
William J. Neale,  
Alvero Rebolledo, and  
Bertrum O'Reilly,

as witnesses, who being sworn, testified to knowledge of the general reputation of the defendant Mayola for truth, honesty and integrity and that it was good.

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The defendant Mayola next called his son,

**GEORGE MAYOLA,**

as a witness, who being sworn, testified:

I am the son of the defendant Jose Mayola and am twenty-one years old. My father left for New York April 9, 1932. I went to the boat with him. [27] The previous day, April 8, I took my father downtown about 10:00 a. m. Mr. Walkup came to our

(Testimony of George Mayola.)

house that morning between 9:30 a. m. and 10:00 a. m. I opened the door and he was staggering around and asked me where my father was and came in, then he asked my father if he wanted to go to the Walkup home and have a drink. My father declined. Mr. Walkup again requested and then my father went over. My father was there only three or four minutes and then I took him downtown. I was with my father when he withdrew money from the Hibernia bank; he withdrew \$1,000.00. I was present when he gave Mr. Walkup \$500.00; that was on April 7 in the afternoon; my father withdrew the money the day before, around noon; my father gave the \$500.00 to Mr. Walkup at the Walkup office.

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Next,

JOSE MAYOLA,

called as a witness in his own behalf, being sworn, testified:

I have resided at 1642 Eighth Avenue, San Francisco, since I came here December 9, 1928, from the Republic of Colombia, where I had previously resided in Beuna Ventura and in Dague. My family consists of my wife, three boys and two girls. During the last twenty-five years I have been engaged principally in gold and platinum mines, river navigation and ocean navigation from Buena Ventura to New York and in floating companies for pita (I do not know what you call that in English), which is a fiber from which silk is made; and for five

(Testimony of Jose Mayola.)

years I have had a concession from the Colombian government for diving for pearls in the Pacific Ocean, near the Gargona Island and for whaling and fishing. My main business is mining; I own about 600,000 acres and under power of attorney control about 500,000 acres more of alluvial gold and platinum lands in Colombia. I was educated in the School of Mines in Paris, France, and thereafter was in London four years practicing in the Polytechnic School, and thereafter took some courses in bookkeeping [28] and practicing in Berry Bros. Bank, one of the largest banks in London; I was there six months because my father was a shareholder. I knew Mr. Walkup, who was my next-door neighbor in San Francisco. I meet so many people, but I think it was in June or July, 1931, that I met Mr. Campbell, the defendant. Mr. Walkup introduced me to him, saying that Mr. Campbell was a broker and financier that had come from Canada and he brought him to my office at Sansome Street. I told him my possibilities and the opportunities that there was in Colombia for a man of his position to invest money in gold mines and oil lands; and that I was a landowner and also in the navigation business and mining business. Afterwards, Mr. Campbell brought to me one or two plans of some boat, I mean used old boats you know, because I had a kind of concession over there in Colombia. They issued some national laws there to protect the merchant marine in Colombia, and I had long talks with prominent people in Colombia

(Testimony of Jose Mayola.)

and they made insinuations to me to try to get boats of about 4000 or 5000 tons for transporting about 50 or 100 passengers, first and second class, and at a speed of about 11 to 12 miles per hour, that could make the trip from Buena Ventura right to New York, carrying coffee. I had given all the specifications to Mr. Campbell through Mr. Walkup and Mr. Campbell I guess went to some firms in San Francisco and got me an option to buy those boats, provided those boats will satisfy my clients in Colombia. I sent Mr. Campbell's plans and the prices to my clients and they told me they could not take those boats, because they were second-hand boats, old fashion boats, and they wanted some boats with better speed and better arrangement. The only time I ever met Mr. Campbell subsequent to that time is only here now. On April 9, 1932, I left San Francisco on the Virginia to go to New York, because when I had been in New York last year in about November, I signed a contract for working and floating mining companies with [29] Mr. A. G. Dibbs; he is the general manager of Bolivian Tin Mine Dredging Company that mine tin from the mines of Bolivia. They control the tin over the world and they have got about \$200,000,000 capital. I went to New York for the purpose of interesting the financiers there in the development of the mining industry of Colombia, because I had heard that there was a shortage of gold all over the world, and I myself having been interested twenty-five years in gold mines and platinum mines in Colombia, "Well," I said, "there is an opportunity for me to make a

(Testimony of Jose Mayola.)

good deal of money and to help my country to get ahead." That is why I went to New York and that is the reason I had to make several trips to New York, because in San Francisco I could not get people to put money, many millions of dollars, to work on all my propositions that I have in Colombia. Mr. Dibbs' address is 29 Broadway, New York. (Written agreement shown to witness). That agreement is signed by me; that agreement was signed by me and Mr. Dibbs before a notary public in New York and is a partnership agreement, because I agree with Mr. Dibbs to put into his hands all of my mining property in Colombia, including the cinnabar mines. I didn't know any financiers in New York and they didn't know me. I says to Mr. Dibbs, "You are very well up with the millionaires in New York and I here bring to you and put in your hands all of what I have in Colombia, that is 1,600,000 acres of mining land, of different mining metals and materials over there," so he agreed with me and he says, "Well, you have got to give me a good percentage." I says, "Well, it is up to you to select what you want." "Well," he says, "you give me fifty per cent and I will pay all the expenses and I will put you in touch with several people." I said, "All right, you go ahead and have a contract drawn up," and he got Chadburne & Company, who are his lawyers in New York, to draw that contract and we signed that contract. On that trip [30] during my stay in Panama, I got in touch with a lady, Mrs. Isaac, that owns large mining lands in Co-

(Testimony of Jose Mayola.)

lombia, and she gave me power of attorney on five or six mining claims, or 25 kilometers of Colombian mining claims on the river called Soledad del Nupe, and I closed a \$75,000 transaction with Mr. Dibbs on Mrs. Isaac's property. When I left San Francisco on April 9, 1932, my idea was not settled about stopping over at Panama; I had so many businesses in mind at that time that my idea was to transact my business in a day if I could, during the time the boat stayed in Panama, because the boat stays there in Panama twenty-four hours, so I says, "Well, if I can find all my people there I can go ahead with my transactions and go ahead with my trip to New York and make my contact there, because in New York I had my main business." In Panama I got powers of attorney from Mrs. Isaac, Mr. Ibanez and Mr. Sexto Posso. Mr. Posso is about 40 or 45 years old, I am 61, and I have known him since he was a boy; I have known Mr. Ibanez about 20 years. I decided to get off at Panama for several reasons: first of all, I received a cable from Mr. Dinneen telling me to make inquiries about a gold mining company there; then, in the second place, I had met a man called Mr. Thompson, who came on board the boat at Los Angeles and who was introduced to me by Mr. Walkup as a millionaire. He was traveling with his wife and they were with the captain and drank wine and champagne every day, and it seemed to me that he was a wealthy man, and I told him about my property. He told me he was engaged in tuna fishing between Los An-

(Testimony of Jose Mayola.)

geles and the coast of Mexico and that he had two or three boats and a fishing company and that tuna fishing was a very good business and that he had made a lot of money, and I talked to him about the possibilities in my country to establish a cannery in the Gargona Islands and that I had a concession for diving for pearls and for fishing whales, and my ideas was to establish in the Gargona Islands a [31] cannery to provide all of South and Central America with canned fish. Then, afterwards, we talked about the possibility of establishing navigation between Buena Ventura and New York and about the new laws issued in Colombia to protect my proposed business; and in Panama I introduced him to Mr. Posso and he authorized me to cable him to come from Pogato to Balboa. Mr. Posso is a Colombian, educated in New York. (Document in Spanish language shown to witness), that is the transaction I closed with Mr. Dibbs under the power of attorney with Mrs. Isaac, and Mr. Dibbs formed a company called the International Gold Exploiters. (Document received as an exhibit and the English translation shows a partnership agreement with regard to handling mining property on the New York Exchange, the profits to be divided between Dibbs and Mayola). I sent one or two cables from the boat to Mr. Posso to meet me at Balboa and to bring powers of attorney with regard to the cinnabar mines and the fiber plantation. Mr. Posso missed the airplane and I had to wait in Panama for him two or three days. I stayed in Panama ten



(Testimony of Jose Mayola.)

days and left there on the Pennsylvania.

Q. How did Mr. Walkup come to go to Panama?

A. Well, that is a question, I don't know. I was talking to Mr. Walkup about my business on a large scale in Colombia and sometimes he got enthusiastic and said that his map mounting business doesn't pay him at all; and he heard through my daughter that I was going to New York and afterwards to Colombia on a big deal, so he came to my house about the 20th or 25th of March and said, "Well, I hear Mr. Mayola that you are going on a big business deal to New York and Colombia," and I said, "Yes, my idea is to go over there and see what I can do," and he said, "Well, I know you are a pretty wealthy man and before you go I come to you to beg you to help me financially," and I said, "Well, Mr. Walkup, I don't think I can do that; I have a large family to support and I am going to New [32] York and I must spend a lot of money in New York because I must live in a first class hotel and I have to deal with financiers that are in a very good position there, and that is going to cost me a lot of money and I haven't got much money left." "Well," he insisted, and he nearly cried to me, he says, "Look here, you are the only man who can save me." I says, "What is the matter with you?" He says, "I have been engaged in map mounting here and during the times things were well I used to get about \$200 or \$300 a month clear, but since the crash I don't make a cent and I am running in debt every day; I don't get money enough to pay for my

(Testimony of Jose Mayola.)

expenses, to pay for the rent and interest on the mortgage on my house, and I owe about six months' rent and there are two mortgages on my house and I don't make money enough even to eat." He says, "You know that because several times you have helped me; now I beg you to help me not to lose my house and loan me a thousand dollars, and I will pay you back whenever I make good." I says, "Mr. Walkup, I have told you many times I cannot dispense with a thousand dollars, but if it is a question that you and your family, your wife and children, are going to be thrown out of your house, I will lend you \$500.00 and you can pay me whenever you make good." He showed me a bank mortgage on his home for \$4,000.00. I drew some money from my savings account in the Hibernia bank and let him have \$500.00 on April 7, the next day after I withdrew it from the bank. When I left the money with him, he says, "Well, I am going to make up my mind and I am going to try to go with you." I says, "All right, Mr. Walkup; I don't promise you anything because I might go straight to New York if possible, but I will introduce you to some of my friends that are wealthy in Panama and Colombia." I told him I got a friend there, by the name of Don Alberto Ibanez, who had about 4,000 acres and 2,000 cattle and a sugar cane plantation and three or four houses in [33] Panama and one or two houses in Anton. I bought my ticket April 6. I am used to traveling so much and I said to the ticket agent I wanted a good stateroom and

(Testimony of Jose Mayola.)

wanted to travel easy and not be put in with three or four people at a time, two is enough. He said "I guarantee you I will give you a stateroom under those conditions, because there are not many passengers on this trip." I says, "All right; there is a possibility of a friend of mine traveling with me on this trip." I was not with Mr. Walkup when he bought his ticket. At Panama I introduced Mr. Walkup to Mr. Ibanez and said, "This is a man who has possibilities and comes here to try to see if he can sell maps." I knew very well maps wouldn't sell in Panama, that is no business; and I says, "This man has told me that during the time he was a young fellow that his father and his brother had a ranch somewhere in San Mateo, and he knows something about milking cows and ranching," and I says, "Can you use this fellow over there?" Ibanez says, "Well, I don't think I can make very much use of him because he don't speak Spanish." "Well," I said, "if he can tell you something about how to milk cows and how to handle the milk and how to organize a ranch, maybe that will help you and help him, he don't need to talk very much Spanish." He says, "My chauffeur is a Jamaican and speaks English and Spanish, so I don't need a chauffeur; therefore, I will see what I can do." I says, "This man is hard up, he is in a bad fix, whatever you do for him it will help me and you and everybody else because he is always asking me for money to keep him and I want to get rid of him." I left Panama on the *Pennsylvania* and Mr. Walkup

(Testimony of Jose Mayola.)

stayed there and went to Mr. Ibanez's ranch three or four days, looking at the cows. He didn't borrow any money from Mr. Ibanez while I was there, but we were paying for his board, you know how it is. Mr. Ibanez has a big house with about ten rooms, and he was occupying one room, [34] and Mr. Posso was in one room, and me and Mr. Ibanez in another, and we had two servants and a cook, and I was paying for the food all the time because that man had no money, and he was all the time running out here and there and drinking with soldiers and sailors that are running around Panama, and he didn't seem to be doing anything and I says to myself, "I just as well pay for the food of this chap while he stays here." I asked Mr. Walkup to bring my adopted daughter from Panama to San Francisco, because he said he would not stay in Panama, that it was a very hot climate and there were very many mosquitos over there at Ibanez's place and he said it wasn't a place fit for a white man like him to live. I had my adopted daughter brought over from Colombia and was going to send her here no matter whether he came or not, and I said, "You are going back, suppose you look after this girl," and he said, "All right." Mr. Ibanez was with me in New York during 1931, and I had powers of attorney from him to deal with properties, but the people in New York said it is better to call the owner in here and let him look after his own business, so I cabled to Ibanez to come to New York. I know the date I was arrested in New York, I never

(Testimony of Jose Mayola.)

forgot that date, it was on the 2nd of July. They told me that they were Federal officials sent to arrest me because they had instructions from the Secret Service in San Francisco. They arrested me in my room on the 2nd of July, and they took me to some police station in New York and they gave me a room and a blanket and were very decent to me. They asked me a lot of questions and the next day they took me out. They asked me whether I had any connection with any counterfeiting in San Francisco or elsewhere and that injured me very much. I made a statement to those gentlemen and they wrote it out and read it to me, but did not give me a copy (production of statement demanded and produced by the government; statement dated July 2, 1932). [35] After the statement was taken, at once I was released and went about my business. On July 16, one of the same men came and arrested me again and said he got instructions from San Francisco to put me in jail. I put up the bail of \$2,000.00 and my attorney at San Francisco, Mr. Sanderson, telegraphed me to get back to San Francisco as soon as possible, and I did so without making a fight of any kind in New York. I knew I had to come to San Francisco because my family is here and I had nothing to fear, and I says, "I will go there to clear this up myself." I never talked to Mr. Walkup or anybody else about making counterfeit Colombian money or United States money. I went to Mr. Walkup's home on the morning of April 8, 1932, and I heard Mr. Armstrong testify that Mr. Walkup

(Testimony of Jose Mayola.)

showed me some counterfeit bills and that I had said that I didn't know the difference between the good bills and the bad bills, but that never occurred, that was invented by somebody. I was never in the rear room of Mr. Walkup's home, where they say all this paraphernalia was. I have been in that house but twice and all the time I was in the kitchen. I had no idea that Mr. Armstrong, Mr. Walkup, or Mr. Campbell were engaged in counterfeiting money of any kind. On the morning of April 8, Mr. Walkup came to my back door; my son was having a cup of coffee and waiting for me with the car to take me to town and I was finishing dressing in my room and my son said to me, "This fellow next door says he wants to see you." I said, "I have got no time, I have an appointment downtown about ten o'clock." My son says, "Well, the man is here, he is half drunk and he wants to see you," and I says, "That is worse," and I went into the kitchen and I asked Mr. Walkup what I could do for him and he took me by the shoulder and says, "I want you to come over and have a drink." I don't drink and I says, "You know I never drink or smoke." He says, "Oh, come along and have a drink" and he pulled me by the arm and said, "Come on, come on," so I had nothing [36] else to do but go. We went across to his house into the kitchen and there was another man in there and he says, "Meet Mr. Armstrong; this is the man who is going to take charge of my business while I am away." They began to talk nonsense and offered me a drink and

(Testimony of Jose Mayola.)

finally I says, "This is no use, I have to go, I have an appointment downtown and must go," and I stayed about four or five minutes and went out and my son and I took my car and came downtown. I heard Mrs. Walkup testify about a belt that she had been told Mrs. Mayola made to carry money in. I never had my wife make a belt and this is the first time I heard about that. Prior to my arrest in New York in this case, I had never been arrested in my life. In Colombia the Liberal party has been in power for nearly three years now and my uncle, Senor Vasquez Cobo, is the minister plenipotentiary in Paris. One of my cousins is a judge in the high tribunals in Cali and another is a senator in Bogato. I never entered into any scheme with Mr. Walkup, nor Mr. Armstrong, nor Mr. Campbell, or any one else, to violate the law of the United States or any other country. I have never tried to violate any law. I have always tried to comply with everything and respect the law of the country where I am living. The \$500.00 that I gave to Mr. Walkup was a loan to him; he was going to pay the interest on a mortgage and his rent that he owed for his office and help his family. I loaned it to him without any security, because \$500.00 don't mean anything to me. I made a notation of the loan in a book, because I always keep a memorandum of everything I do so if I die my daughter knows how my business stands. (At this point the court interrupted the testimony of the witness with the following cross-examination by the court):

(Testimony of Jose Mayola.)

The COURT: Q. Do you keep a set of books in your business?

A. I keep a memorandum book, sir.

Q. You don't keep a set of books, then. You keep a memorandum. [37] Is that it?

A. Yes; since my business is small, like it is now, I don't keep any books; but before, when I had a large business amounting to thousands of dollars, I had everything in shape; but now when I am by myself, I don't need any books.

Q. Your business is small now?

A. Well, in a sense, yes; because since I got this business put on me I stopped everything. There is nothing now.

Q. I was talking about before you were arrested. Was your business a large business or small business before you were arrested?

A. Well, my businesses—I don't know how to qualify them—because it is a small business and a large business. My business would amount to millions of dollars if I could get the people interested, as I have done; but everything is stopped now.

Q. Your business was worth a million dollars or more, provided you could sell some of these properties in Colombia; is that it?

A. Provided the properties were examined and taken over. I had options and contracts signed to that effect. No mine can be sold to anybody unless it is prospected and it is found how much money it is worth in dollars and cents per cubic yard and



(Testimony of Jose Mayola.)

how many cubic yards there are in the mine to justify the investment.

Q. We understand that. You are merely what is known in the American sense, a promoter?

A. No; I am not a promoter. I am a mine owner and a practical mining engineer. I put all my properties in the hands of promoters so they can form the company and get the capital to develop my mines.

Q. You told the jury here that you owned about 600,000 acres?

A. Yes. I have got the mining titles here.

Q. And that you controlled 500,000 more?

A. Yes, your Honor. I can prove that.

Q. But you keep no books with regard to that?

A. Well, no, because that is not producing just now. [38]

Q. I say, you keep no books of account now?

A. No, because they are not producing.

Q. All the bookkeeping you did was to make a memorandum once in awhile? A. Yes.

Q. Any profits, of course, that you would make from a business of that kind are problematical, are they not?

A. Well, not so much. For instance, in the British Platinum Gold Corporation, that was a company formed with five million dollars capital.

Q. On paper?

A. No; in dollars. We had three dredgers working in there, your Honor, and we used to extract from the ground over there about 300 ounces of

(Testimony of Jose Mayola.)

platinum every week, and an ounce of platinum we sold for \$120, each ounce, and I owned 40 per cent of that. Then we had another company in there called the Patia Syndicate——

Q. Was that sometime ago?

A. Four or five years ago.

Q. At any rate, you have no books of account in your business?

A. Well, I have got some memorandums and I left in New York and my country some books.

Q. Do you have your books back in New York?

A. Yes.

Q. Is that the memorandum you speak of?

A. Yes.

Q. Is that the book of account?

A. That is the memorandum I keep.

Q. That is the only book of account you have?

A. Yes.

Direct Examination resumed by Mr. Tramutolo.

I have always kept books in Colombia and those books are there still and they record money loaned to different people. (Plaintiff received in evidence memorandum book as Defendant's Exhibit E). (Pursuant to stipulation and order, said exhibit will be certified by the clerk, and is hereby referred to and incorporated herein). The entry of the loan to Mr. Walkup is recorded on page 154. When I went to New York, I left the book with my daughter and procured it from her upon my return. (Page 154 of the book was marked [39] Defendant's Exhibit F).

(Testimony of Jose Mayola.)

Cross-Examination by the Court.

The COURT: Q. Referring to this memorandum book, Defendant's Exhibit F, will you please read the entry in that book which refers to this loan to Walkup.

A. It says in Spanish "Le Pieste a Walkup 500.00" I loaned it. I left this with my daughter when I went away. I left that with my daughter, I left this with her as an explanation.

Q. How long had you known Walkup?

A. About three years, since I bought the house. The man who sold me the house introduced me to him as a neighbor, and to Mr. Clements, as another neighbor. Those are the only people I knew in that block.

Q. Did you meet Walkup frequently?

A. Not much, no.

Q. Were you and he very friendly?

A. I have not been over friendly with him no. He was only just trying to talk to me always when he had a chance. I never visited him, or anything, because I had no business with him.

Q. You had no business with him? A. No, sir.

Q. And, therefore, you were not very friendly with him?

A. He used to come and see me and invite me to his house, but I never went.

Q. Did he come to your house?

A. He came twice or three times. The first time, I remember, it was at Christmas. He invited me to

(Testimony of Jose Mayola.)

go over there. He was kind of drinking heavy. I said "I thank you very much, I can't go."

Q. And you didn't go? A. No.

Q. He visited your house two or three times?

A. Yes.

Q. One time was at Christmas when he invited you to come to his house? A. Yes.

Q. And you didn't go to his house? A. No.

Q. You never have been to his house but one time?

A. I had been in his house twice.

Q. When you went to Panama did you and Mr. Walkup occupy the same [40] stateroom?

A. Yes, your Honor, the same one.

Q. Nobody else in that stateroom? A. No.

Q. You felt friendly enough to him to occupy the same stateroom with him, did you not?

A. Well, I preferred to be with a man that I knew before than with somebody that I did not know who it was.

Q. You preferred to be with him than to be with a stranger: Is that it?

A. Because I could talk to him. I did not want especially to be with him. He was there. I could not ask them to put the man out. I had no especial reason. The steamship man did not put four people in there because that would be very uncomfortable.

Q. You did not wish him in your stateroom and you did not wish to ask to have him put out: is that it?

A. I had no especial reason to ask to have him

(Testimony of Jose Mayola.)

put out. I could not very well do that, because I was paying for only one bed.

Q. And you didn't have any particular reason for occupying the same room with him? A. No, sir.

Q. You knew him, and you preferred to have him with you in that stateroom, rather than a stranger, as I understand it: Is that it?

A. Well, I was not especially wishing for him. He was the man who asked the steamship agent to put him in there, I did not.

Q. You were not consulted about it, at all?

A. No.

Q. He never spoke to you about it?

A. He said, "I went to buy my ticket and I inquired which was your stateroom, and I requested the man to put me in there."

Q. He did that without your consent?

A. He did not tell me about it before he went. I bought my ticket and there were left three beds in there; I did not reserve any bed except my own, because I paid in cash. Usually when a man reserves a berth or a ticket you pay so much down so they will not dispose of the bed. I didn't do that, I paid for mine, and I only paid for my own ticket. [41]

Q. Do you wish to give the jury to understand that you were not friendly with Mr. Walkup?

A. Well, no, I was not friendly, and not an enemy.

Q. He was just a casual acquaintance of yours: Is that it?

(Testimony of Jose Mayola.)

A. Because he was living next door to me, that happens to anybody, you see; I was a stranger here in the country, and I could not talk to people or meet people, because we are afraid to go and talk to somebody that they don't know who you are, or vice versa.

Q. You were not afraid to talk to anybody, were you?

A. In the United States I understand that a man needs an introduction to talk to somebody. In my country it is not like that. We live all in one family everybody.

Q. Were you afraid to talk to people in the United States?

A. Not exactly afraid, but knowing the relations here I always look for an introduction to be able to talk business with somebody.

Q. You told us you were educated in Europe?

A. Yes, in France.

Q. And that you worked in a bank in England?

A. Yes.

Q. And I take it you have traveled around quite a bit?

A. Yes, I have been in Europe several times, and in Central America and South America.

Q. Do you mean to tell the jury that you were afraid to speak to anybody in the United States?

A. No.

Q. You wanted them to believe you were mind-ing your own business: Is that it? A. Yes.

Q. And you didn't care particularly about your neighbor, Mr. Walkup: is that it? A. Yes.

(Testimony of Jose Mayola.)

Q. He could mind his business, and you would mind yours? A. Yes.

Q. And you didn't care for him, at all? A. No.

Q. There was nothing between you, was there?

A. No, sir.

Q. Not a thing? A. No, sir.

Q. He came to your house one morning and you say he was drunk? A. Yes. [42]

Q. Was he very drunk?

A. Not falling down, but you could see that he had quite a few drinks.

Q. Your son said he was staggering: Was he staggering?

A. He was moving like that; he was a kind of a weak man, you know.

Q. Your son said he was staggering, and you said that you told your son you didn't want to have anything to do with him if he was in that condition: Is that right?

A. Yes, that is quite right. I don't like to talk to people that are drunk.

Q. But you went out and talked to him?

A. He was in my house, and my duty was to see what he wanted. I wanted to hear and help him if I could.

Q. And upon his insistence that you come with him, although you do not drink, you went with him to his house?

A. I had to, because he insisted. He took me by the arm and said, "Come on, come on, I want to have a drink, come on."

(Testimony of Jose Mayola.)

Q. You thought he would take you there by force, did you?

A. No, your Honor, because I was stronger than he was.

Q. You just told us he was a weak man. He could not compel you to go unless you wished to go?

A. No, not at all.

Q. And you went because you thought that was the best thing to do?

A. I could not very well refuse him when he asked me to go.

Q. Although you were not a drinking man.

A. No.

Q. And you went over to his house? A. Yes.

Q. You traveled on the same boat and occupied the same stateroom on your trip to Panama?

A. Yes.

Q. You were with Mr. Walkup a good deal on that trip, were you not?

A. During the day time.

Q. You got to know him quite well?

A. Yes. I was talking with my countrymen, people that speak Spanish, you know. Then we used to sit at the same table with a lady that came on board in Los Angeles, an American lady from Nicaragua. [43]

Q. You grew to know him better when you were on that trip?

A. Yes. In the night time he would stop in the smoking room, playing cards and drinking.

Q. He drank all during that trip, did he?



(Testimony of Jose Mayola.)

A. Most of the time.

Q. Was he drunk most of the time?

A. Not all the time.

Q. But he was a very hard drinker?

A. He got drunk two or three times.

Q. It was disagreeable having him in the same stateroom?

A. No, sir. I used to go to bed about eight or nine o'clock and those people stayed up drinking and gambling. I could not do that now; when I was young I did that but not now, everything hurts me.

Q. Did his actions on the boat hurt you, did they bother you?

A. I got to know him better. To tell you the truth, I saw that he was not an educated man, he was kind of a vulgar man.

Q. You didn't know him very well, didn't care for him very much, just a neighbor who was endeavoring to force his attentions upon you, and you didn't care for him, and yet you loaned him \$500?

A. Yes, but I didn't do that for himself, so much, but for his family, his wife and children, they were friends with us. \$500 didn't mean too much to me; if I lost it all right; if he makes good he will pay me. I thought when I loaned him that money he was really an honest and good man. I always heard him getting up at seven o'clock in the morning and going in his machine to work in his place, and coming home late and then going back. His wife said she saw very little of her husband, because he was a very hard-working man.

(Testimony of Jose Mayola.)

Q. When you loaned him that \$500 you thought he was in dire need of money, in great need of money?

A. I was sure of that, because I believed what he said. He showed me the mortgage for \$4000. He told me he was in debt for the rent of his office for six months.

Q. He told you all of his private affairs?

A. Yes, he did, and [44] he nearly cried.

Q. Then this \$500 I understand you gave him to pay some of his debts? A. Yes.

Q. To save his home for himself and his children? A. Yes.

Q. And, as I understand it, within a few days afterwards he told you he was going to Panama with you? A. Yes.

Q. Did you say anything to him about that?

A. I made mention to him, I said, "This is up to you, I am not taking you to Panama. I will with pleasure introduce you to my friends and try to help you over there to get a job, or do some kind of business.

Q. You didn't ask him why it was he was using the \$500 you gave him to go to Panama when he should pay the debts on the house and the debts that he owed?

A. He told me he had paid the interest and some of his debts, and he had left some money with his wife.

Q. Did he tell you how much? A. He did not.

Q. When you arrived at Panama you took

(Testimony of Jose Mayola.)

Walkup with you and introduced him to your friends, didn't you. A. I did, yes.

Q. You took him and introduced him to Posso?

A. No, he was not there; he could not come because he lost his airplane in Colombia. I introduced him to Ibanez and some other friends I had in Panama.

Q. You stayed in Ibanez's house?

A. Yes, he invited us to go over there.

Q. And I understood you to say that all the time you were a guest at Ibanez's house Walkup spent most of his time drinking liquor and carousing with sailors and soldiers?

A. Yes, he went out a great deal. He had nothing to do there except to look around and go with people.

Q. Look around and get drunk: Is that it?

A. Yes, in the night time he was mostly drunk.

Q. Most of the time, wasn't he?

A. Not every day, but he was drinking heavy. [45]

Q. And yet you trusted him to bring your adopted daughter to the States?

A. I was going to send her back. On those boats there are nurses that attend to young girls who travel by themselves. He was coming. I said, "As you are going back, you look after this girl. She doesn't speak English." He said, "All right."

Q. You put her in the care of Walkup rather than in the care of a nurse on the boat?

(Testimony of Jose Mayola.)

A. I said to him, "You go on board and deliver the girl to the nurse."

Q. You told Walkup? A. No, to Ibanez.

Q. Then it is not so that you put the girl in the care of Walkup?

A. Not exactly in his care. I said, "As you are going to San Francisco where my family is, you look after this girl." He said, "I don't speak Spanish." I said, "That is all the same."

Q. In a statement that Walkup made to Captain Foster, he said that when he was at the Ibanez ranch, or at some time when you were present, he gave Ibanez \$3000 of this counterfeit money: Is that so?

A. When I was present, you say?

Q. Yes. A. No, sir, I never saw it.

Q. Did you ever discuss counterfeit money with Walkup?

A. I never did, sir. I had no idea that that man was making counterfeit money.

Q. Just what did he tell you he wanted to go to Panama for?

A. He said, "My business is on the bum, it doesn't pay, I am running in debt every day, and I don't see no future for this business, I don't see what is the use of staying here, you say there are so many opportunities for a man in your country, I will take the chance, what do you advise me to do?" I said, "If you want to go, go; I don't tell you to go or to stay; if you decide to go I am very pleased to recommend you to my friends."

(Testimony of Jose Mayola.)

Q. You knew it was a foolish trip for him to take, did you not?

A. I could not say, because if he was, as he said, an expert dairy man, there are a good many ranchers there, and they want to make an [46] organization to make condensed milk; I said, "If you are able to organize them and get a consolidation of them all you may get good wages and a good income."

Q. You knew, as you stated, there was no business in map-making in Panama?

A. I told him that. I told him there was no use going to look for map-making over there, nobody would care for that.

Q. You introduced him to Ibanez and recommended him?

A. I said, "This man tells me he is experienced in cattle, and ranches, etc., if you can do something with him, all right." Ibanez said, "Well, this man doesn't speak Spanish." Then he thought about his chauffeur, "I have a Jamaican that speaks English, and I will talk to that man." They went away and stayed three, or four, or five days over there, I don't know how many days.

Q. When your friend Posso arrived, did you introduce him to Walkup?

A. When he arrived there Walkup was at the ranch, and I introduced Posso to Mr. Thompson and connected them about the marine and fisheries and all the other business that I had talked about. Two or three days afterwards that man came back

(Testimony of Jose Mayola.)

from the ranch; he had his legs swollen——

Q. Who had his legs swollen?

A. Walkup. There was a lot of sun over there and he got burned, he was not in good shape.

Q. Did you introduce him to Posso?

A. I did. They slept in the same room. Walkup slept on one side and Posso on the other side, in the same room.

Q. And when you left Panama you left Walkup there?

A. Yes, I left him there.

The COURT: That is all.

(After the foregoing cross-examination by the court, there followed the following

Cross-Examination by Mr. Van Der Zee, the  
prosecutor.

Mr. Walkup returned to San Francisco with my adopted daughter. She traveled in a separate state-room on the same boat with him. [47] I was not told that the reason for the delay after the first time I was questioned in New York was that they were waiting for a grand jury to act in San Francisco. When I was arrested on the 16th, they said they had got instructions from San Francisco to put me in jail. When I was traveling with Mr. Walkup on the boat from San Francisco to Panama, I radioed to Mr. Posso telling him to come and meet me at Balboa, that I was with an expert on board. I never intended personally to go into the fish business that I discussed with Thompson. I in-

(Testimony of Jose Mayola.)

tended to connect Posso with Thompson. I never knew that Thompson was an ordinary smuggler, and I have not since found it out. I never inquired about him any more and don't know where he is. I connected him with Posso and went to New York to attend to my mining business. I never heard that Posso had been arrested in Colombia. I don't know that in June, 1932, he was arrested for possessing counterfeit United States notes. When I was in New York, I received a letter from him telling me about my business of the Savarno Mines. I keep in touch with Colombian affairs and read all the newspapers in that country. I have an uncle and two cousins in the government service in Colombia. I have never read anything in the Colombian papers about Posso being arrested for counterfeiting. When Mr. Walkup and I were neighbors in San Francisco, I never rode downtown with him. I was astonished to hear Mrs. Walkup testify that I did. I never rode in the coupe automobile that Mr. Walkup owned; I never went with him. Mr. Walkup visited my house twice I think. In 1931 I think he went once to the door, that was at the time he came to invite me to his house for a drink, on the occasion of a festival, which I declined. When I gave him the \$500.00, I said to him, "Aren't you going to give me a receipt?" He said, "You know I am honest, if I make good I'll pay it." Well, he had already received the money and I didn't want to make a fuss about it. The mortgage that he showed me was like all [48] mortgages, they have

(Testimony of Jose Mayola.)

forms for that and they fill them out. There are so many banks, but I think it was the American Trust bank. He says, "Here it is, I owe the interest." I didn't read it, I took his word for it. I did not know that when a person gives a mortgage to a bank, the bank keeps the mortgage. When I went in Mr. Walkup's home on the morning of April 8, 1932, the two men were in the kitchen with a bottle of whiskey, drinking. The kitchen door was closed and I did not observe whether there was a back room. They have a small table in the kitchen and they were sitting in there and drinking. I did not see Mr. Armstrong or Mr. Walkup go into the rear room. I heard Mr. Armstrong testify that I held some counterfeit ten dollar bills in my hand and examined one and stated I could not tell the difference, and I was very much astonished when I heard him say so. In the statement that I gave in New York, I did not say anything about any prospects of Mr. Walkup engaging in the dairy business; they did not ask me anything about that. The last time I heard from Sexto Posso was when I was in New York; he was informing me about a deal on the Savarno Mines. I saw Mr. Walkup drunk on the morning he sailed, I thought he had taken a drink just because he was going away. I saw him drunk on Christmas, 1931, and he was drunk on April 8, 1932.

Further Cross-Examination by the Court.

The COURT: Q. Why didn't you tell him to pay his debts and stay home?



(Testimony of Jose Mayola.)

A. That was my idea, your Honor.

Q. Why didn't you tell him that?

A. I did.

Q. Why didn't you tell him to pay his debts and stay home?

A. I did tell him. I said, "I loaned you the money so you would pay what you owed, and to go ahead with your business." He said, "This business is on the bum, map-mounting doesn't pay." I said, "I never thought it could pay, because in my country there is not such a trade." When he said, "Map-mounting," I thought he was an [49] engineer, or a man who could draw maps. When I went over there I saw him with some glue and with some boards. I said, "This is no trade."

Q. Were you over there many times?

A. Once or twice. He invited me to come and see his office. To my surprise the office was in a garage.

Q. Is it true you took the \$500 down there and gave it to him?

A. I did, yes, your Honor.

Further cross examination by Mr. Van Der Zee,  
the prosecutor

I did not make reservations for both of us on the Virginia. I made my own reservation and paid for my ticket. A reservation is when you put money down to have the right to have a bed or a stateroom, that is what I call making a reservation. Mrs. Walkup's statement regarding the money belt that was made by Mrs. Mayola is not true. I never

(Testimony of Jose Mayola.)

talked with Walkup or anybody about how counterfeit money should be carried. "Yes, Mr. Walkup is slighter in build than myself, he is about your size."

The defendants rested.

The prosecution rested.

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Thereupon, the court charged the jury. (The court stated the substance of the contents, separately, of each of the twelve counts of the indictment; stated, in substance, that the respective charges were laid on sections 148, 150, 151 and 37 of the Criminal Code of the United States, which sections were read by the court to the jury; the court then defined the term "similitude;" then gave to the jury the customary, conventional general instructions applicable and common to all criminal cases, upon the following subjects; credibility of witnesses; respective functions of judge and jury; falsus in uno; function of indictment; weighing testimony of defendant as a witness; weighing testimony of accomplice; burden of proof; reasonable doubt; good reputation; and thereupon [50] charged the jury under the conspiracy count, as follows):

The conspiracy to commit the crime is an entirely different offense from the crime which is the object of the conspiracy.

The first essential inquiry for your consideration is whether there existed the offense charged,

since if a conspiracy has not been shown, the defendants must be acquitted of that charge, no matter what acts they might have committed in violation of the statute. If you find there was a conspiracy, you will then determine whether or not the defendant on trial was a party thereto.

If you find there was such a conspiracy, and the defendant was a party thereto, you will next determine whether or not some of the overt acts alleged were committed by some party to the conspiracy.

The indictment alleges that the following overt acts were committed: (read to jury).

An overt act need not be criminal in nature, if considered separately and apart from the conspiracy. It may be as innocent as the act of a man walking across the street or driving an automobile, or using a telephone. But if, during the existence of the conspiracy, the overt act is done by one of the conspirators to effect the object of the conspiracy, the crime is complete, and it is complete as to every party found by you to be a member of the conspiracy, no matter which one of the parties did the overt act.

It is not necessary that all the overt acts charged be proved, but it is necessary that at least one of the overt acts charged be proved, and that it be shown to have been in furtherance of the object of the conspiracy. Other overt acts than those charged may be given in evidence, but proof of one of those charged in the indictment is indispensable.

You will observe that there are three essential elements necessary to constitute a crime under the

statute. First: There [51] must be the act of two or more persons conspiring and confederating together. Second: It must appear that the purpose of the conspiracy was to commit an offense against the United States, that is, to violate some law of the United States. And, Third: One or more of the conspirators, after the conspiracy has been formed and during its existence, must do some act to effect the object thereof.

Each of these elements is an essential element of the crime charged and must be established to your satisfaction and beyond a reasonable doubt before you can find a verdict of guilty. If these three elements are established, then the crime of conspiracy is complete, regardless of whether the purpose was accomplished or not.

The word "conspiracy" is not difficult to understand. Of course, one person cannot conspire with himself. It takes two or more persons to form a conspiracy. Participation in a conspiracy without knowledge of its existence, or knowledge of a conspiracy without participation therein, is not sufficient to warrant a conviction. Whenever two or more persons act together understandingly to commit a crime, there is a conspiracy. It is of no consequence that there may be no proof of any spoken or written word of agreement between them. Agreements to commit crime are necessarily of a secret nature and usually difficult of discovery, and it is generally necessary to prove them by proof of facts from which a jury may fairly and reasonably infer the existence of the agreement. It is seldom that express proof

can be secured. They are ordinarily proved through proof of acts and conduct of two or more persons which show that they were cooperating and working together and in unison in furtherance of a common design or criminal purpose, a common criminal object. A conspiracy may be proved by proof of facts from which it may be fairly inferred that the parties had a [52] common object and that the act or acts done by each of the parties, though the acts may be different in character, were all done in pursuance of a common end and calculated to effect a common purpose; that the parties steadily pursued the same object either by the same means or by different means, but all leading to the same result.

It is not necessary for the Government to prove that the parties to the conspiracy had been acquainted before the formation of the conspiracy. Nor is it necessary to show that after the formation of the conspiracy each of the conspirators was acquainted with all of the others, nor that each of them knew the part or parts to be performed by all of the others in furtherance of a common design or object. Whether all the parties are acquainted or not, and regardless of the part or parts played by each of them, if they act together under a common purpose to accomplish a crime, a conspiracy is shown, even though individual members of the conspiracy may have done acts in furtherance of the common design apart from and unknown to the others. They may not have previously associated together. One member of the conspiracy may know but one other member of the conspiracy. The common design or pur-

pose is the essence of the crime, and this may be made to appear when the parties steadily pursue the same object, whether acting separately or together, by the same means or different means, but always leading to the same unlawful result or object.

It is not necessary that all of the members of a conspiracy should have been parties to the criminal agreement at the time it originated, for every person who assents to the plans of a conspiracy already formed, and comes in and assists in furthering it, becomes a party to the entire conspiracy as to all of the acts done by any of the other parties thereto either before or after the time he joined it, if the act or acts of the others had been [53] done in furtherance of a common design or object during the existence of the conspiracy. It is unimportant when or where the conspiracy was formed or originated. It is sufficient to prove that during its existence and to effect the object of it one of the alleged overt acts was committed within three years prior to the day the indictment was filed and at some place within the jurisdiction of this court.

The Government is not required to prove dates exactly as charged. Proof of any date or period of time within three years before the indictment was returned by the Grand Jury is sufficient. It is characteristic of the crime of conspiracy that the acts and admissions of any one of the conspirators while engaged in the effectuation of the objects of the conspiracy are deemed to be the acts and admissions of all, and are alike binding on all. This rule also applies in a case where one of the alleged conspirators

has died since making such statements and because of such death is not made a defendant upon the trial of the other conspirators. Not so if the acts or admissions are done or made previous to entering into the conspiracy, or after the same has been dissolved or the parties have ceased their cooperation. In such case, the acts and admissions are binding only upon the one acting or speaking.

After the existence of a conspiracy has been established by competent evidence, testimony as to statements made during the existence of the conspiracy and in furtherance of its object, or relating to its object, or explanatory of acts done in furtherance of its object, are admissible in evidence, where such statements are made by persons who are co-conspirators, regardless of whether such co-conspirators are actually charged with a conspiracy or on trial for participation therein. The declarations of such parties to the conspiracy, when made during the existence of the conspiracy and in furtherance of its objects, or explanatory of acts done in [54] furtherance of its object, are admissible to the same extent as are the declarations and admissions of co-conspirators actually on trial for conspiracy, and are just as binding upon the co-conspirators or other persons in the conspiracy as are such declarations or admissions of persons actually charged with, or on trial for such conspiracy.

Defendant Armstrong is a co-conspirator in this case, if you find that a conspiracy existed, and I instruct you that in considering his testimony, you should consider his motive. If you find that he has

acted from a motive to save himself from prosecution, or from the consequences of his participation, you are entitled to take that into consideration in considering the weight that you should give the testimony of said witness Armstrong.

No defendant can be convicted of conspiracy merely because of his acquaintance or association with some or all of the conspirators, unless you are satisfied beyond a reasonable doubt that all such defendants had guilty knowledge of and were participants in the conspiracy. Each defendant is entitled to an individual and separate consideration at your hands as to his guilt or innocence.

The formation or existence of a conspiracy may be shown either by direct and positive evidence, or by circumstantial evidence. The law does not require the Government to lay its finger on the precise method or manner in which the conspiracy of the kind here alleged was entered into, for in ninety-nine cases out of a hundred it would be impossible for the Government to make such proof. The fact of a conspiracy, therefore, must always be established by evidence more or less circumstantial.

Thereupon, the jury retired and, after deliberating four hours returned into court with a verdict acquitting defendant Mayola on all counts of the indictment, excepting the Ninth, or conspiracy, Count, under which count the jury found the defendant Mayola guilty. [55]



STIPULATION

It is hereby stipulated that the foregoing bill of exceptions is in all respects full and true and may be settled and allowed as such by the above-entitled court; that the exhibits referred to therein (U. S. Exhibits Nos. 5 and 8 and Defendant's Exhibit E.) may be duly authenticated by the Clerk of the above entitled court and when transmitted to and filed with the Clerk of the Circuit Court of Appeals may be deemed a part of said bill of exceptions.

I. M. PECKHAM

United States Attorney

CHAUNCEY TRAMUTOLO

LEMUEL D. SANDERSON

Attorneys for Defendant

Jose Mayola.

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ORDER

The foregoing bill of exceptions is hereby settled, allowed and authenticated as a full and true bill of exceptions; and

IT IS ORDERED, that said exhibits (U. S. Exhibits Nos. 5 and 8 and Defendant's Exhibit E.) shall be duly certified and authenticated by the Clerk of this court and transmitted to the Clerk of the United States Circuit Court of Appeals in and for

the Ninth Circuit, and thereupon shall become a part of said bill of exceptions.

Dated: San Francisco, California, April 4, 1933.

A. F. ST. SURE

United States District Judge.

[Endorsed]: Service and receipt of a copy of the within amended Bill of Exceptions is hereby admitted this 8 day of March, 1933.

I. M. PECKHAM

Attorney for .....

Filed Apr 4 1933. Walter B. Maling, Clerk. [56]

[Title of Court and Cause.]

PETITION FOR ALLOWANCE OF APPEAL.

Considering himself aggrieved by the judgment herein rendered and entered against him upon the verdict of the jury finding him guilty upon the ninth count of the indictment, the defendant Jose Mayola hereby prays that an appeal may be allowed in his behalf to the Circuit Court of Appeals for the Ninth Circuit, for the correction of the errors made in this case to the prejudice of said defendant, as more fully appears from the assignment of errors filed concurrently with this petition.

For which said defendant prays that this judgment may be reversed.

CHAUNCEY TRAMUTOLO

L. D. SANDERSON

Attorneys for defendant

Jose Mayola.

ORDER ALLOWING APPEAL

ORDERED, that the foregoing petition is granted and appeal allowed; cost bond fixed at \$250.00; and

IT IS FURTHER ORDERED, that the defendant Jose Mayola be admitted to bail pending the hearing of said appeal, in the sum of \$5000.00, and that execution of the [57] judgment of imprisonment be supersede and stayed, pending the determination of said appeal, upon the giving of said bail.

Dated San Francisco, the 13th day of December, 1932.

A. F. ST. SURE

United States District Judge.

[Endorsed]: Service and receipt of a copy of the within Petition for Allowance of Appeal is hereby admitted this 14th day of Dec. 1932.

GEO. J. HATFIELD

Attorney for .....

Filed Dec 14 1932 11:07 AM Walter B. Maling, Clerk. [58]

[Title of Court and Cause.]

AMENDED ASSIGNMENT OF ERRORS

Defendant Jose Mayola assigns the following errors in the record and proceedings in this cause:

I.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during direct examination of the

Government's witness Albert A. Armstrong, the prosecutor put to him the following question: "Q. Do you recall a conversation with Mr. Walkup and Mr. Mayola in April, 1932, concerning the payment for the expenses of the trip to South America?" Counsel for defendant Mayola objected to the question as leading and suggestive, and, further, that Mr. Mayola had not been connected with the conspiracy. The prosecutor stated that the contention of the Government was that the conspiracy is still in effect and was up until the time of the arrest of the first conspirator. Thereupon, the court overruled the objection and an exception was noted (Exception No. 1). The full substance of the evidence admitted over that objection and exception was as follows: "A. I have never had any conversation with Mr. Mayola, nor in his [59] presence, in regard to the payment of expenses of the trip or anything of that sort; Mr. Walkup told me that he had got \$500.00 from Mr. Mayola for the expenses of the trip and Mr. Walkup divided the \$500.00 with me, so that I could have \$250.00 of it while looking after Walkup's business while he was away; he said he might be gone three months."

## II.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Albert A. Armstrong, the witness testified that the first time he heard of Mr. Mayola was along in October, 1931, in a conversation with Mr. Walkup; thereupon the

prosecutor put the following question to the witness: "Q. What was that conversation?" Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 2). The full substance of the evidence admitted over that objection and exception was as follows: "A. Myself, Mr. Johnson and Mr. Walkup were present and I said to Mr. Walkup that I must know who these people are who want me to go to work in South America, and Mr. Walkup said that it was his next door neighbor, Mr. Mayola, who was going to put over a big deal in South America and was going to put in the lithograph plant."

### III.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the redirect examination of the Government's witness Albert A. Armstrong, the witness testified that all that he knew about the defendant Mayola was what he was told by Mr. Walkup between November, 1931, and April 9, 1932; thereupon the prosecutor put the fol- [60] lowing question to the witness: "Q. What was the approximate date of the first conversation?" Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 3). The full substance of the evidence admitted over that objection and exception was as follows: "A. I would say that was

along about the time when I started to talk to him about getting nervous about getting the plant in. Then when he told me that they wanted me to go down to South America,—then he told me at that time that Mr. Mayola was a big man down there and that I didn't have anything to fear in detection; it was an easy way to make ten thousand dollars; I would have all the protection from the government officials down there; I would be perfectly safe. That was what he told me at that time."

#### IV.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Helen Walkup, the witness testified that at one time, when Mr. Walkup returned from Mr. Mayola's residence, Mr. Walkup told her about a conversation between him and Mr. Mayola at which she was not present; thereupon the prosecutor put the following question to the witness: "Q. What did Mr. Walkup say?" Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 5). The full substance of the evidence admitted over that objection and exception was as follows: "A. He told me that Mr. Mayola said that it would be best if they carried their counterfeit bills on them, under their clothes, and that it would be better for Mr. Walkup to carry them, because Mr. [61] Mayola was a larger man and all that around his waist would

make him look much larger than normal. I told Mr. Walkup that I thought he was being foolish in taking it at all.”

## V.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Helen Walkup, the witness testified that Mr. Walkup was hard pressed financially and that he told her where he was getting money for the trip; thereupon the prosecutor put the following question to the witness: “Q. What did he say?” Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 6). The full substance of the evidence admitted over that objection and exception was as follows: “A. Two or three days before the day of sailing, Mr. Walkup told me that Mr. Mayola had agreed to give him \$500.00 out of which Mr. Walkup stated that he was to give Mr. Armstrong some and the remainder was to finance Mr. Walkup's trip to take the bills down.”

## VI.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Helen Walkup, the witness testified that she did not see the money belt made, in which the money was carried by Mr. Walkup, but that Mr. Walkup told her who made it;

thereupon the prosecutor put the following question to the witness: "Q. Whom did he say made it?" Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 7). The [62] full substances of the evidence admitted over that objection and exception was as follows: "A. Mr. Walkup told me that Mrs. Mayola had made it."

#### VII.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during redirect examination of the Government's witness Helen Walkup, the prosecutor put to her the following question: "Q. Between February, 1932, and April 9, the day of sailing for South America, did Mr. Walkup tell you anything about conversations with Mr. Mayola concerning counterfeit money?" Counsel for defendant Mayola objected to the question upon the ground that the question was leading and suggestive. The Court overruled the objection and an exception was noted (Exception No. 8). The full substance of the evidence admitted over that objection and exception was as follows: "A. Around in March Mr. Walkup told me that Mr. Mayola might take him to South America with him to dispose of the money."

#### VIII.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during redirect examination of the



Government's witness Helen Walkup, the prosecutor put to her the following question: "Q. Did he [Mr. Walkup] mention names of other persons to be concerned with that counterfeit money?" Counsel for defendant Mayola objected to the question upon the ground that this conspiracy terminated after the money was made. The Court overruled the objection and an exception was noted (Exception No. 9). The full substance of the evidence admitted over that objection and exception was as follows: "A. He said Mr. Mayola knew someone in South America who could handle it."

#### IX.

The District Court erred in admitting the following evi- [63] dence over the objection and exception of defendant Mayola: during redirect examination of the Government's witness Helen Walkup, the prosecutor put to her the following question: "Q. Did he [Mr. Walkup] mention the name of that party in South America?" Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 10). The full substance of the evidence admitted over that objection and exception was as follows: "A. He told me that Mr. Mayola introduced him to two men, Sisto Posso and Senior Ibanez, in South America, who wanted to handle the money if it was good."

#### X.

The District Court erred in admitting the following evidence over the objection and exception of

defendant Mayola: on redirect examination of the Government's witness Jarrell, the prosecutor had the witness identify two written statements (one dated June 30, 1932, and the other dated July 1, 1932), as having been signed by Mr. Walkup and as having been used by the Government in evidence before a magistrate in British Columbia in the proceeding for the extradition of the defendant Campbell; and thereupon the prosecutor offered both statements in evidence, to which offer counsel for defendant Mayola objected as not being proper cross-examination and that the offer contained incompetent evidence. The Court overruled the objection and received both statements as one exhibit, U. S. Exhibit No. 8, and an exception was noted (Exception No. 11). The said exhibit is many pages long, and has been sent up under Rule 14.

For which errors this defendant Mayola prays that the said [64] judgment may be reversed.

CHAUNCEY TRAMUTOLO,  
LEMUEL D. SANDERSON,  
Attorneys for defendant Jose Mayola.

The foregoing amended assignment of errors is hereby permitted.

A. F. ST. SURE,  
United States District Judge.

[Endorsed]: Due service and receipt of a copy of the within Assign. of errors is hereby admitted this 4th day of April, 1933.

I. M. PECKHAM,  
Attorney for.....

Filed Apr. 4, 1933. Walter B. Maling, Clerk. [65]

[Title of Court and Cause.]

SUPERSEDEAS RECOGNIZANCE.

KNOW ALL MEN BY THESE PRESENTS, that we JOSE MAYOLA as principal and W. T. DINNEEN and ADELAIDA MAYOLA of San Francisco, as sureties, are held and firmly bound unto the United States of America in full and just sum of Three Thousand Dollars (\$3,000.00) for the payment of which to the said United States of America well and truly be made, we and each of us do hereby bind ourselves, our successors, personal representatives, and assigns, jointly and severally by these presents.

SEALED with our seals and dated this 4th day of May, A. D. 1933.

WHEREAS, lately at a session of the United States District Court for the Northern District of California, Southern Division, in a suit pending in said court at San Francisco, California, between the United States of America as complainant and Jose Mayola as defendant, a judgment was rendered against said Jose Mayola on the 10th day of December, 1932, sentencing said Jose Mayola on the ninth count of the indictment herein to be imprisoned for a term of two years in a United States penitentiary to be designated by the Attorney General of the United States, [66] and also to pay a fine in the sum of Twenty-five Hundred Dollars (\$2500.00), and that in default of payment of said fine the defendant be further imprisoned until said fine is paid or he be otherwise discharged by due process of law;

AND WHEREAS, the said defendant Jose Mayola, having filed his petition for and obtained order allowing his appeal in the Clerk's office of said Court, to reverse the judgment in the aforesaid suit and a citation directed to the United States of America, citing and admonishing it to appear at the United States Circuit Court of Appeals for the Ninth Circuit, at San Francisco, California;

AND WHEREAS, said order of said court allowing said appeal fixed the amount of said defendant's bail on appeal in the sum of Five Thousand Dollars (\$5,000.00);

AND WHEREAS, thereafter and on the 25th day of April, 1933, pursuant to an order of the said United States Circuit Court of Appeals duly given and made on the 24th day of April, 1933, said United States District Court duly gave and made its order reducing the amount of bail on appeal and fixing the same at the sum of Three Thousand Dollars (\$3,000.00);

AND WHEREAS, the said Jose Mayola desires said appeal to operate as a supersedeas and stay of execution and to be admitted to bail and to be permitted to be and remain at large on bail pending said proceedings on appeal to the said United States Circuit Court of Appeals for the Ninth Circuit;

NOW, the CONDITION of the above obligation is such that if the said Jose Mayola shall prosecute his appeal to effect, and if he fails to make his plea good, shall answer and shall also personally be and appear here in this Court from day to day during

the present term and from term to term of this Court thereafter, pending said proceedings on appeal, and shall surrender himself to the United States Marshal [67] of this district and be present to abide the judgment of this Court or that of the United States Circuit Court of Appeals, to serve his sentence and not depart the jurisdiction of this Court without leave thereof, then this obligation to be void; otherwise to remain in full force and virtue.

This recognizance shall be deemed and construed to contain the "express agreement" for summary judgment, and execution thereon, mentioned in Rule 34 of the District Court.

JOSE MAYOLA [Seal]

Address 1642 8th Aven.

W. T. DINNEEN [Seal]

ADELAIDA MAYOLA [Seal]

Acknowledged before me and approved as to Surety and Principal this 5th day of May, 1933.

[Seal] ERNEST E. WILLIAMS,

U. S. Commissioner, Northern Dist. California at San Francisco.

CHAUNCEY TRAMUTOLO,

LEMUEL D. SANDERSON,

Attorneys for Defendant.

704 Alexander Building,

San Francisco.

Approved by:

FRANK H. KERRIGAN,

U. S. District Judge. [68]

United States of America,  
Northern District of California.—ss.

W. T. Dinneen, whose name is subscribed to the foregoing undertaking as one of the sureties thereof, being first duly sworn, deposes and says:

That I am a householder in said district and reside at No. 56 Presidio Ave., in the city of San Francisco, State of California, and by occupation Mining Engineer.

That I am worth the sum of (Three Thousand) Dollars, the sum in the said undertaking specified as the penalty thereof, over and above all my debts and liabilities and exclusive of property exempt from execution, and that my property, now standing of record in my name, consists in part as follows:

Real estate, consisting of 5000 shares of Pacific Atlantic Corp. worth over \$10000.00.

That the encumbrances on the foregoing property are as follows: Clear.

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(List mortgages, trust deeds, etc.)

That my total net assets, above all liabilities and obligations on other bonds, is the sum of \$10,000.00.

That I am not surety upon outstanding penal bonds, now in force, aggregating total penalty \$.....

That the above stock is my separate property.

[Seal] W. T. DINNEEN.

Subscribed and sworn to before me this 5th day of May, A. D. 1933.

ERNEST E. WILLIAMS,  
United States Commissioner for the Northern District of California.

United States of America,  
Northern District of California.—ss.

Adelaida Mayola, whose name is subscribed to the fore- [69] going undertaking as one of the sureties thereof, being first duly sworn, deposes and says:

That I am a householder in said district and reside at No. 1642 8th Ave. in the city of San Francisco, State of California, and by occupation stenographer.

That I am worth the sum of (Three Thousand) Dollars, the sum in said undertaking specified as the penalty thereof, over and above all my debts and liabilities and exclusive of property exempt from execution, and that my property, now standing of record in my name, consists in part as follows:

Real estate, consisting of House (Apt.) at 234 Pierce St., worth \$12000.00; \$1000.00 in savings in Hibernia Bk.

That the encumbrances on the foregoing property are as follows: \$3500.00.

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(List mortgages, trust deeds, etc.)

That my total net assets, above all liabilities and obligations on other bonds, is the sum of \$12000.00.

That I am not surety upon outstanding penal bonds, now in force aggregating total penalty \$.....

That the above is my separate property.

[Seal] ADELDAIDA MAYOLA.

Subscribed and sworn to before me this 5th day of May, A. D. 1933.

ERNEST E. WILLIAMS,  
United States Commissioner for the Northern District of California.

[Endorsed]: Filed May 5, 1933, 12:04 P. M.  
Walter B. Maling, Clerk. [70]

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(COST BOND ON APPEAL)

KNOW ALL MEN BY THESE PRESENTS That we, JOSE MAYOLA, as principal and THE GREATER CITY SURETY & INDEMNITY CORP., of New York, as surety, are held and firmly bound unto UNITED STATES OF AMERICA in the full and just sum of TWO HUNDRED FIFTY (\$250.00) dollars, to be paid to the said UNITED STATES OF AMERICA certain attorney, executors, administrators or assigns; to which payment, well and truly to be made, we bind ourselves, our heirs, executors, and administrators, jointly and severally, by these presents.

Sealed with our seals and dated this 15th day of December, in the year of our Lord One Thousand Nine Hundred and thirty-two.

WHEREAS, lately at a District Court of the United States for the Northern District of California, Southern Division, in a suit depending in said Court, between United States of America vs. Jose Mayola, et al., No. 24048-S, a judgment and sentence was rendered against the said JOSE



MAYOLA and the said JOSE MAYOLA having obtained from said Court an order allowing an appeal to reverse the judgment and sentence in the aforesaid suit, and a citation directed to the said UNITED STATES OF AMERICA, citing and admonishing it to be and appear at a United States Circuit Court of Appeals for the Ninth Circuit, to be holden at San Francisco, in the State of California.

Now, the condition of the above obligation is such, That if the said JOSE MAYOLA shall prosecute his appeal to effect, and answer all his costs if he fails to make his plea good, then the above obligation to be void; else to remain in full force and virtue. [71]

This Recognizance shall be deemed and construed to contain the "Express Agreement" for summary judgment, and execution thereon, mentioned in Rule 34 of the District Court. (E. E. W.)

[Seal] JOSE MAYOLA  
THE GREATER CITY SURETY  
& INDEMNITY CORP.,

[Seal] By LOUIS PUCCINELLI  
Its Attorney-in-Fact.

Acknowledged by Jose Mayola Principal and acknowledged before me and approved to Surety the day and year first above written.

[Seal] ERNEST E. WILLIAMS,  
United States Commissioner, Northern District of  
California, at San Francisco.

[Endorsed]: Filed Dec. 17, 1932, 11:08 A. M.  
Walter B. Maling, Clerk. [72]

APPOINTMENT OF ATTORNEY IN FACT  
THE GREATER CITY SURETY AND  
INDEMNITY CORPORATION

Dated, New York City Sep 26 1932 A 3328

KNOW ALL MEN BY THESE PRESENTS:  
That The Greater City Surety and Indemnity Corporation, a corporation duly organized and existing under the laws of the State of New York, and having its principal offices in the City of New York, has made, constituted and appointed, and does by these presents make, constitute and appoint LOUIS PUCCINELLI of San Francisco, its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to sign, execute, acknowledge and deliver any criminal bail bond in an amount not exceeding the sum of \$2500.00 and 00 cts. hereby ratifying and confirming all of the acts of the said Attorney pursuant to the power herein given. This Power of Attorney is made and executed pursuant to, and by the authority of the following By-Laws, adopted by the Board of Directors of The Greater City Surety and Indemnity Corporation, at a meeting called and held on the 21st day of July, 1932.

“ARTICLE XII. Resident Officers and Attorneys-in-fact. Section 6. The Chairman of the Board of Directors, the President, the Chairman of the Executive Committee and the Vice-President may from time to time, appoint Attorneys-in-fact to represent and act for and on behalf of the Company, in the execution of

criminal bail bonds; provided that such appointments shall be in writing, signed by any two of the said officers, or signed by any one of the said officers and countersigned by the Secretary, or the Treasurer or any Assistant Secretary or Assistant Treasurer. Such attorneys-in-fact when so appointed shall have power and authority to act within the power granted to them but no others." [73]

THIS POWER NOT VALID UNLESS USED ON OR BEFORE DEC. 31, 32 AND CAN ONLY BE USED ONCE.

IN WITNESS WHEREOF, The Greater City Surety and Indemnity Corporation has caused these presents to be signed by its officers thereunto duly authorized, proper for the purpose, and its corporate seal to be hereunto affixed, this 26th day of September, A. D. 1932.

THE GREATER CITY SURETY AND  
INDEMNITY CORPORATION,

By HENRY D. SAYER,

Vice-President.

EMANUEL FICHANDLER,

Assistant Secretary.

State of New York,  
County of New York.—ss.

On this 26th day of September, 1932, before me personally came Henry D. Sayer and Emanuel Fichandler to me known, who being by me duly severally sworn, did depose and say, that he Henry

D. Sayer resides in Queens County and is the Vice President of The Greater City Surety and Indemnity Corporation, and he the said Emanuel Fichandler resides in New York County and is the Assistant Secretary of the said THE GREATER CITY SURETY AND INDEMNITY CORPORATION, the corporation described in and which executed the above instrument; that they know the seal of the said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation; and that each of the said persons signed his name thereto by like order.

GRACE FELGNER,

Notary Public Kings Co. Clk's No. 631—Reg. 3409  
Clks. No. 953,—Reg. No. 3F 627 Bronx Co.  
Clks. No. 56. Reg. No. 200 F 33. Commission  
expires March 30, 1933.

Approved as to form.

GEO. J. HATFIELD.

Dec. 15, 1932.

FJP [74]

THE GREATER CITY SURETY AND  
INDEMNITY CORPORATION

Statement of Assets and Liabilities as of March 31st,  
1932.

ASSETS

Cash in Banks and on Hand.....	\$ 49,193.72
Municipal and Government Bonds.....	267,276.57
Stocks Owned .....	203,010.34
Accrued Interest on Bonds (not in default).....	3,353.70
Premiums in Course of Collection (not beyond 90 days).....	25,207.84
Deposits .....	750.00
Salvage Recoverable .....	78,078.40
	<hr/>
TOTAL .....	\$626,870.57

LIABILITIES

Reserve for Unearned Premiums.....	\$104,740.88
Reserve for Pending Claims.....	57,122.78
Reserve for Commissions, Taxes and Expenses .....	16,549.42
Loans Payable .....	30,000.00
Reserve for Depreciation in Valuation of Securities .....	50,000.00
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TOTAL LIABILITIES,

Except Capital .....	\$258,413.08
Capital Paid Up.....	\$262,500.00
Surplus over all Liabilities.....	105,957.49
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Surplus to Policyholders .....	368,457.49
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TOTAL .....	\$626,870.57

State of New York  
County of New York—ss.

Emanuel Fichandler, being duly sworn, says: That he is Assistant Secretary of THE GREATER CITY SURETY AND INDEMNITY CORPORATION, a corporation organized and existing under the laws of the State of New York, and that the foregoing, to the best of his knowledge and belief, is a true and correct statement of the Financial Condition of said Company on the [75] 31st day of March 1932.

EMANUEL FICHANDLER

Sworn to before me this 26th day September, 1932.

GRACE FELGNER.

Notary Public, Kings Co. Clk's No. 631-Reg 3409  
Clks, No. 953,-Reg. No 3F 627 Bronx Co. Clks  
No. 56 Reg. No. 200 F 33 Commission expires  
March 30, 1933. [76]

---

[Title of Court and Cause.]

ORDER

Good cause appearing, it is ORDERED:

(1) That appellant Jose Mayola may have, and he is hereby given, leave to propose, serve and lodge an amended bill of exceptions, on or before January 30, 1933.

(2) The return day of the citation on appeal

sued out by him herein is hereby enlarged to and including February 28, 1933.

Dated December 27, 1932.

A. F. ST. SURE

United States District Judge.

[Endorsed]: Service and receipt of a copy of the within ORDER is hereby admitted this 27th day of December, 1932.

GEO. J. HATFIELD

Attorney for Pltf.

Filed Dec 27 1932 10 04 AM Walter B. Maling,  
Clerk. [77]



[Title of Court and Cause.]

ORDER

Good cause appearing, it is ORDERED:

(1) That appellant Jose Mayola may have and he is hereby given, leave to propose, serve and lodge an amended bill of exceptions, on or before March 1, 1933.

(2) That the return day of the citation on appeal sued out by him herein is hereby enlarged to and including April 28, 1933.

Dated January 30, 1933.

A. F. ST. SURE

United States District Judge.

[Endorsed]: Filed Jan 30 1933 2 51 PM Walter  
B. Maling, Clerk. [78]

[Title of Court and Cause.]

ORDER

Good cause appearing, it is ORDERED:

(1) That appellant Jose Mayola may have, and he is hereby given, leave to propose, serve and lodge an amended bill of exceptions, on or before March 15, 1933.

(2) That the return day of the citation on appeal sued out by him herein is hereby enlarged to and including May 13, 1933.

(3) That the trial term, i. e., the November, 1932 term of this court (which, at the time of verdict herein was under standing Rule 8 of this court, automatically extended so as to comprise a period of three calendar months beginning on the date on which verdict was rendered), is hereby further extended to and including April 30, 1933.

Dated February 28, 1933.

A. F. ST. SURE

United States District Judge.

[Endorsed]: Service and receipt of a copy of the within ORDER is hereby admitted this 28 day of February 1933.

I. M. PECKHAM

Attorney for.....

Filed Feb 28 1933 10 05 AM Walter B. Maling,  
Clerk. [79]



[Title of Court and Cause.]

ORDER

Good cause appearing, it is ORDERED:

(1) That appellant Jose Mayola may have, and he is hereby given, leave to propose, serve and lodge, and to obtain settlement of, an amended bill of exceptions, on or before April 15, 1933.

(2) That the return day of the citation on appeal sued out by him herein is hereby enlarged to and including June 13, 1933.

(3) That the trial term i. e., the November, 1932 term, of this court (which has been heretofore regularly and continuously extended to April 30, 1933, by standing rule and special order), is hereby further extended to and including May 30, 1933.

Dated March 14, 1933

A. F. ST. SURE

United States District Judge.

[Endorsed]: Service and receipt of a copy of the within Order is hereby admitted this 14th day of Mar. 1933.

I. M. PECKHAM

Attorney for U. S.

Filed Mar. 14, 1933 10 13 AM Walter B. Maling,  
Clerk. [80]

---

[Title of Court and Cause.]

PRAECIPE FOR TRANSCRIPT

Hon. Walter B. Maling, Clerk,

Sir:

Please prepare transcript on appeal, containing the following:

1. The Ninth count of the indictment; and where the words, "said defendants," first appear in the third line there-of, insert the following bracket immediately thereafter: (Albert A. Armstrong, Edward A. Campbell and Jose Mayola).
2. Minutes of Arraignment and plea of not guilty.
3. Verdict.
4. Judgment.
5. Defendant Mayola's amended bill of exceptions.
6. Defendant Mayola's amended assignment of errors.
7. Cost bond.
8. Bail bond on appeal.
9. Citation.
10. All orders enlarging time for amended bill of exceptions enlarging return day of citation, and/or extending the trial term of court.
11. Praecepte.

CHAUNCEY TRAMUTOLO

LEMUEL D. SANDERSON

Attorneys for defendant

Jose Mayola.

[Endorsed]: Filed May 5, 1933 10 48 AM Walter B. Maling, Clerk. [81]

---

CERTIFICATE OF CLERK TO TRANSCRIPT  
OF RECORD ON APPEAL

District Court of the United States

Northern District of California

I, WALTER B. MALING, Clerk of the United

States District Court, for the Northern District of California, do hereby certify that the foregoing 81 pages, numbered from 1 to 81, inclusive, contain a full, true, and correct transcript of the records and proceedings in the case of UNITED STATES OF AMERICA vs. JOSE MAYOLA, No. 24048-S, as the same now remain on file and of record in my office.

I further certify that the cost of preparing and certifying the foregoing transcript of record on appeal is the sum of Twenty Five Dollars and Seventy Five Cents (\$25.75) and that the said amount has been paid to me by the Attorneys for the appellant herein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, this 26th day of May A. D. 1933.

[Seal]

WALTER B. MALING

Clerk.

By C. M. Taylor

Deputy Clerk. [82]

---

United States of America.—ss.

THE PRESIDENT OF THE UNITED STATES

To United States of America, and to the United States Attorney for the Northern District of California, Greeting:

YOU ARE HEREBY CITED AND ADMONISHED to be and appear at a United States Circuit Court of Appeals for the Ninth Circuit, to be holden

at the City of San Francisco, in the State of California, within thirty days from the date hereof, pursuant to an order allowing an appeal, of record in the Clerk's Office of the United States District Court for the Northern District of California, Southern Division, wherein JOSE MAYOLA is appellant, and you are appellee, to show cause, if any there be, why the judgment rendered against the said appellant, as in the said order allowing appeal mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

WITNESS, the Honorable A. F. ST. SURE, United States District Judge for the Northern District of California this 13th day of December, A. D. 1932.

A. F. ST. SURE,  
United States District Judge.

[Endorsed]: Service of the within Citation by copy admitted this 14 day of Dec. 1932.

GEO. J. HATFIELD,  
Attorney for.....

Filed Dec. 14, 1932. 11:08 A. M. Walter B. Maling,  
Clerk. [83]

[Endorsed]: No. 7170. United States Circuit Court of Appeals for the Ninth Circuit. Jose Mayola, Appellant, vs. United States of America, Appellee. Transcript of Record Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division.

Filed May 26, 1933.

PAUL P. O'BRIEN,

Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.



No. 7170

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit 9

JOSE MAYOLA,	} <i>Appellant,</i>
vs.	
UNITED STATES OF AMERICA,	

BRIEF FOR APPELLANT.

CHAUNCEY F. TRAMUTOLO,  
Alexander Building, San Francisco,

LEMUEL D. SANDERSON,  
Russ Building, San Francisco,

*Attorneys for Appellant.*

FILED

NOV 27 1933

PAUL P. O'BRIEN,

CLERK





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No. 7170

IN THE

# United States Circuit Court of Appeals

For the Ninth Circuit

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JOSE MAYOLA,

*Appellant,*

VS.

UNITED STATES OF AMERICA,

*Appellee.*

---

## BRIEF FOR APPELLANT.

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### STATEMENT OF THE CASE.

The indictment was in twelve counts, the defendants being named in the first count as Albert A. Armstrong, Edward A. Campbell, and Jose Mayola, and referred to as "said defendants" in all of the remaining counts. Prior to the trial, Herbert Walkup, confessed conspirator, and the dominating though stupid instigator, committed suicide, and his name was crossed off the indictment, although he was allowed to be resurrected during the trial, and his name and what he said was continually before the jury. Armstrong made a full confession prior to the trial, and pleaded guilty during the trial. Defendant Mayola was acquitted on all counts excepting the ninth count, which charged a conspiracy among said defendants, and with other persons to the grand jurors unknown. The Judge sentenced Mayola to be

imprisoned for a period of two years, and pay a fine of \$2500.00. Mayola alone appealed.

The government proved a conspiracy, as charged among said Armstrong, said Campbell, and said Walkup by witnesses who gave testimony tending and sufficient to prove the following facts:

At all times hereinafter mentioned, said Walkup lived with his wife, the witness Helen Walkup, in a bungalow at number 1638 Eighth Avenue, in San Francisco, California (hereinafter called "the Walkup house"), and owned and conducted a business known as Walkup Map Company at number 634 California Street, San Francisco, California (hereinafter called "the Walkup office"). By 1931, Walkup was in debt and in bad financial condition. About September, 1931, two strangers, one Johnson and the defendant Armstrong, seeking employment as lithographers, called upon Walkup at the Walkup office. Walkup told them that he intended to put in a lithographing plant, but would have to wait for several weeks because the man who was to finance it was in the East, in New York or Washington. In the course of three or four weeks, or about October, 1931, Walkup asked Armstrong and Johnson whether they would consider going to South America at pay of one hundred dollars a week and bonus of ten thousand dollars at the end of a year, and when questioned as to why the pay and bonus would be so large, Walkup stated that he wanted Armstrong to go down there and counterfeit Colombia money. Armstrong and Johnson refused. Meanwhile, about the middle of 1931, defendant Campbell had requested one Richard Dineley (an



exporter of arms and munitions) to introduce Campbell to a consul of some Central American country, so that Campbell could broach to the consul a scheme of counterfeiting foreign bonds or money. Dineley forthwith secretly informed the San Francisco agent in charge of the Secret Service of the United States Treasury, and kept said agent secretly informed from time to time thereafter. Dineley led Campbell on until, about January, 1932, Campbell stated to Dineley that he, Campbell, had a contact with counterfeiters, and wanted Dineley to become Campbell's agent to connect with Central American people who would enter such a transaction; and it was finally arranged that Campbell was to submit to Dineley a sample or proof of a counterfeit Colombian ten dollar bill. About a month before, Walkup had telephoned to Armstrong and requested the latter to call again at the Walkup office. Armstrong did so, and was told by Walkup that he and Campbell knew where they could buy a camera. Walkup, through Campbell, bought the camera from the witness Craik, the camera being the photographic part of a photo-engraver's outfit. Walkup and Armstrong hauled the camera in Walkup's truck to the Walkup office, where Walkup, Campbell and Armstrong installed it in a specially built dark room. A printing press was obtained and was installed by Campbell and Armstrong in the Walkup house. Armstrong had not had previous experience with a camera, and therefore spent three or four weeks practicing with it before succeeding in getting proper negatives from which to produce a proof or sample of a

counterfeit Colombian note for Campbell to submit to Dineley. About January, 1932, a negative or film of a Colombian bill was photographed by Armstrong, transferred to lithographing stones (purchased in the regular course of business by Walkup from the witness Madsen, a dealer therein), and therefrom a printer's proof was struck off by Armstrong on the press in the Walkup home. Dineley called at the Walkup office, examined the proof, and rejected it, saying that it was a cheap lithograph, and that he had expected a steel engraving. When Dineley left, a quarrel arose between Campbell and Armstrong, and Armstrong ordered Campbell to leave the office, which the latter did. In the interim, however, early in January, 1932, Campbell had unsuccessfully tried to interest the witness Acheson (whose business was Latin American investments) in arranging to make deliveries of counterfeit money to such persons as Campbell might designate in Latin America. Finally, in February, 1932, Armstrong commenced preparations to counterfeit ten dollar gold certificates of the United States of America, series of 1928; made photographic films thereof with the camera at the Walkup office, transferred them to lithographing stones, and printed the counterfeits on the press at the Walkup home, a total of 1260 bills printed three to a sheet, which were later cut into single bills on a cutting machine at the Walkup office. Walkup told Armstrong that he, Walkup was going to take the counterfeit bills to Panama where he was to receive for them twenty-five per cent of their face value, or a total of three thousand dollars, with which he would

return to San Francisco and start a legitimate lithographing plant in partnership with Armstrong. One of the counterfeit bills was received on April 7, 1932, by the Federal Reserve Bank of San Francisco, having been passed in San Francisco about April 6, 1932. The printing and cutting were completed by April 8, 1932, and the press in the Walkup home was dismantled on that day. On April 9, 1932, Walkup sailed from San Francisco for Panama on the ship Virginia of the Panama Pacific Line, with the 1260 counterfeit bills in a home-made money belt on his person. Walkup subsequently returned to San Francisco with about 300 of the counterfeit bills, and told Armstrong that the deal had gone flat and that he had left the remainder of the counterfeit bills in Panama, and got nothing for them; and together they burned the remaining 300 bills. Thereafter, on July 27, 1932, Secret Service agents Geauque and Moffitt searched the Walkup office and the Walkup home, and seized the camera and photographic materials and paraphernalia and a film of the counterfeit ten dollar gold note at the former, and the lithographing stones at the latter, all of which were identified and proved at the trial to have been used in the manufacture of the 1260 counterfeit gold notes; and on that day, July 27, 1932, Walkup became a suicide. (Tr. of Record pp. 10-15.)

**ARGUMENT.****DEFENDANT MAYOLA DID NOT HAVE A FAIR TRIAL AS  
GUARANTEED BY THE CONSTITUTION.**

Transcending all of our assignments of error and exceptions to evidence improperly admitted in this case, is the fact that Mayola did not have a fair trial.

Mayola was arrested in New York, and after a thorough search of his belongings, and subsequent checking up with his business connections, which satisfied the Government agents there, that he was a mining man, in contact with such men as Mr. Bonbright, Mr. Dibbs, and the International Mining Company, he was released. About ten days later he was arrested again, and searched, without finding any vestige of incriminating evidence. At the time of his arrest, without aid of counsel or any one else, he voluntarily made a statement to Government agents which did not vary from his story on the witness stand.

The prosecuting attorney told the jury that there was not much evidence connecting Mayola, but this was because he was a glib talker, and clever, and not because he was innocent. As the trial progressed it became more apparent that unless the Court let down the bars in the admission of evidence Mayola could not be connected, so the bars were let down and a flood of evidence was admitted which we shall later prove was absolutely inadmissible. Not only this but after Mayola took the stand and told a convincing story, the learned Judge alternated with the prosecutor in cross-examining Mayola, and his cross-examination was so exceedingly long drawn out, and so searching, and so partial, that reading the record

(Transcript of Record pp. 48-65) the obvious reaction is that the learned Judge was by far the better prosecutor. Not only this, but by recross examining Mayola, it almost seemed as if Judge and prosecutor were acting in concert, to convict this man. Even though the Court was acting in good faith, and with no intention of being biased, the bald fact remains, that a jury could not escape such an inference. Such conduct on the part of the Judge was all the more damaging, because the learned Judge has a reputation for fairness and impartiality.

We submit that the Supreme Court in *Quercia v. U. S.*, Adv. Op. 996, Sup. Ct. Rep., Vol. 53, p. 698. In reversing judgment in the case the Court expressed these facts delicately:

“This privilege of the judge to comment on the facts has its inherent limitations. His discretion is not arbitrary and uncontrolled, but judicial, to be exercised in conformity with the standards governing the judicial office. In commenting upon testimony he may not assume the role of a witness. He may analyze and dissect the evidence, but he may not either distort it or add to it. \* \* \* *The influence of the trial judge on the jury ‘is necessarily and properly of great weight’ and ‘his lightest word or intimation is received with deference, and may prove controlling’.* \* \* \* It is important that hostile comment of the judge should not render vain the privilege of the accused to testify in his own behalf \* \* \* His characterization of the manner and testimony of the accused was of a sort most likely to remain firmly lodged in the memory of the jury and to excite a prejudice

which would preclude a fair and dispassionate consideration of the evidence \* \* \*”

The Circuit Court (8th Circuit) in *Sunderland v. U. S.*, 19 F. (2) 202 in granting a new trial said:

“Was there a fair trial? \* \* \*

*We do not think these extended remarks of the Court constituted simply a fair judicial interpretation of the indictment. They come more nearly being a second opening statement for the prosecution \* \* \* And we do not think that the jury could listen to the statement made by the Court relative to the case without receiving an ineradicable impression in their minds that defendants conspired to cheat and defraud \* \* \**

The term ‘fair trial’ is often used but not often defined. It is of broad scope. It means a trial conducted in all material things in substantial conformity to law. *It consists not only of an observance of the naked forms of law, but in a recognition and just appreciation of its principles.* It means a trial before an impartial judge, an impartial jury and in an atmosphere of judicial calm. *Being impartial means being indifferent as between the parties.* It means that the acts and language of the prosecuting attorney are subject to control, that his duty consists not in securing conviction at all hazards, but in ascertaining the truth. It means that the defendant shall have a fair opportunity through his counsel to outline his defense to the jury. It means the right of cross-examination shall be respected. *It means that while the judge may and should direct and control the proceeding, and may exercise his right*

to comment on the evidence, yet he *may not extend his activities so far as to become in effect either an assisting prosecutor or a thirteenth juror.* \* \* \*

It may not be amiss to call attention that a large part of the evidence \* \* \* was clearly inadmissible \* \* \* some of it consisted of hearsay evidence \* \* \*

In the case of *O'Shaughnessy v. U. S.*, 17 F. (2) 225, the Appellate Court said:

“General statements in the charge \* \* \* did not cure the fault \* \* \* of lack of impartiality in submitting the evidence to the jury or justify the Court in making one sided recitals of evidence or in furnishing arguments in behalf of only one side of the issue as to which the evidence was conflicting \* \* \*

We shall quote briefly from the transcript (Tr. pp. 47-66) setting out the questions of the trial Judge, and leaving out the answers.

“(At this point the court interrupted the testimony of the witness (Mayola) with the following cross-examination by the court):

The Court. Do you keep a set of books in your business?

You don't keep a set of books then. You keep a memorandum, is that it?

Your business is small now?

I was talking about before you were arrested. Was your business a large business or small business before you were arrested?

Your business was worth a million dollars or more provided you could sell some of these properties in Colombia; is that it?

We understand that. You are merely what is known in the American sense, a promoter?

You told the jury here that you owned about 600,000 acres?

But you keep no books with regard to that?

I say you keep no books of account now?

All the bookkeeping you did was to make a memorandum once in awhile?

Any profits, of course, that you would make from a business of that kind are problematical, are they not?

On paper?

Was that sometime ago?

At any rate you have no books of account in your business?

Do you have your books back in New York?

Is that the memorandum you speak of?

Is that the book of account?

That is the only book of account you have?

(Direct examination resumed by Mr. Tramuto.) \* \* \*

(Cross-examination by the Court.)

The Court. Q. Referring to this memorandum book, Defendant's Exhibit F, will you please read the entry in that book which refers to this loan to Walkup.

How long had you known Walkup?

Did you meet Walkup frequently?

Were you and he very friendly?

You had no business with him?

And, therefore, you were not very friendly with him.

Did he come to your house?

And you didn't go?

He visited your house two or three times?

And you didn't go to his house?



You never have been to his house but one time? When you went to Panama did you and Mr. Walkup occupy the same stateroom?

Nobody else in that stateroom?

You felt friendly enough to him to occupy the same stateroom with him, did you not?

You preferred to be with him than to be with a stranger, is that it?

You did not wish him in your stateroom, and you did not wish to ask to have him put out, is that it?

And you didn't have any particular reason for occupying the same room with him?

You knew him, and you preferred to have him with you in that stateroom, rather than a stranger, as I understand it, is that it?

You were not consulted about it at all?

He never spoke to you about it?

He did that without your consent?

*Do you wish to give the jury to understand that you were not friendly with Mr. Walkup?*

He was just a casual acquaintance of yours: Is that it?

You were not afraid to talk to anybody, were you?

Were you afraid to talk to people in the United States?

You told us you were educated in Europe?

And that you worked in a bank in England?

And I take it that you have traveled around quite a bit?

Do you mean to tell the jury that you were afraid to speak to anybody in the United States?

You wanted them to believe you were minding your own business: Is that it?

And you didn't care particularly about your neighbor Mr. Walkup: Is that it?

He could mind his business and you would mind yours?

And you didn't care for him, at all?

There was nothing between you, was there?

Not a thing?

He came to your house one morning and you say he was drunk?

Was he very drunk?

Your son said he was staggering: Was he staggering?

Your son said he was staggering, and you said that you told your son you didn't want to have anything to do with him if he was in that condition: Is that right?

But you went out and talked to him?

And upon his insistence that you come with him, although you do not drink, you went with him to his house?

You thought he would take you there by force, did you?

You just told us he was a weak man. He could not compel you to go unless you wished to go?

And you went because you thought that was the best thing to do?

Although you were not a drinking man.

And you went over to his house?

You traveled on the same boat and occupied the same stateroom on your trip to Panama?

You were with Mr. Walkup a good deal on that trip, were you not?

You got to know him quite well?

You grew to know him better when you were on that trip?

He drank all during that trip, did he?

Was he drunk most of the time?

But he was a very hard drinker?

It was disagreeable having him in the same stateroom.

Did his actions on the boat hurt you, did they bother you?

*You didn't know him very well, didn't care for him very much, just a neighbor who was endeavoring to force his attentions upon you, and you didn't care for him, and yet you loaned him \$500?*

When you loaned him that \$500 you thought he was in dire need of money, in great need of money?

He told you all of his private affairs?

Then this \$500 I understand you gave him to pay some of his debts?

To save his home for himself and his children?

And, as I understand it, within a few days afterwards he told you he was going to Panama with you?

Did you say anything to him about that?

*You didn't ask him why it was he was using the \$500 you gave him to go to Panama when he should pay the debts on the house and the debts that he owed?*

Did he tell you how much?

When you arrived at Panama you took Walkup with you and introduced him to your friends, didn't you.

You took him and introduced him to Posso?

You stayed in Ibanez's house?

*And I understand you to say that all the time you were a guest at Ibanez's house, Walkup spent most of his time drinking liquor and carousing with sailors and soldiers?*

Look around and get drunk: Is that it?

Most of the time wasn't he?

*And yet you trusted him to bring your adopted daughter back to the States?*

*You put her in care of Walkup rather than in care of a nurse on the boat?*

You told Walkup?

Then it is not so that you put the girl in the care of Walkup?

*In a statement that Walkup made to Captain Foster, he said that when he was at the Ibanez ranch, or at some time when you were present, he gave Ibanez \$3000 of this counterfeit money: Is that so?*

Did you ever discuss counterfeit money with Walkup?

Just what did he tell you he wanted to go to Panama for?

You knew it was a foolish trip for him to take, did you not?

You knew as you stated, there was no business in map-making in Panama?

You introduced him to Ibanez and recommended him?

When your friend Posso arrived, did you introduce him to Walkup?

Who had his legs swollen?

Did you introduce him to Posso?

And when you left Panama you left Walkup there?"

(After the foregoing cross-examination by the Court, there followed the following cross-examination by the prosecutor): \* \* \* \*

Further cross-examination by the Court:

*“Why didn’t you tell him to pay his debts and stay home?*

A. That was my idea, your Honor.

*Why didn't you tell him that?*

A. I did.

*Why didn't you tell him to pay his debts and stay home?*

Were you over there many times?

Is it true you took the \$500 down there and gave it to him?"

Further cross-examination by the prosecutor. \* \* \*

We submit to this Court, after reading this exhaustive and searching cross-examination by the Court, which was not applied to any government witness or any other witness, could the jury possibly remain free from doubt that the Court did not believe that Mayola was telling the truth, but paraded before the jury the damaging statements, of the dead man Walkup, including a statement made by him after his arrest to Captain Foster, a government agent, which was clearly inadmissible against Mayola, as arrest ended the conspiracy under any circumstances. We submit, that the above action of the Court, being more than "his lightest word or intimation", was "received with deference" and did in fact prove "controlling". Such conduct is more in accord with the principles of French jurisprudence where the judge also acts as prosecutor, than with our Constitution. "Being impartial means being indifferent as between the parties \* \* \* he may not extend his activities so far as to become in effect either an assisting prosecutor or a thirteenth juror." *Sunderland v. U. S.*, supra.

As was said by the Circuit Court in *Lemon v. U. S.*, 164 F. 959:

“A mere reference to the complaint made, will, we are confident, be a sufficient caution to the learned trial judge distinguished for his general fairness and impartiality to secure a fair and dispassionate second trial.”

Among other things the prosecutor advised the jury that character witnesses for Mayola were not important, as anyone could get character witnesses. Even though no exception was made, and the Court gave the usual stock instruction in this regard in view of the entire atmosphere pervading this trial, we think this Court should consider it along with the definition of fair trial.

As was said in *Sunderland v. U. S.*, supra:

“The value and effect of good character as a sponsor of innocence of its possessor, when accused of crime was long ago stated in this Court. *Time Pub. Co. v. Carlisle*, 94 F. 762: ‘A good name is rather to be chosen than great riches and loving favor rather than silver and gold.’ The respect and esteem of his fellows are among the highest reward of a well spent life. *A man of affairs, a business man* who has been seen and known of his fellow men in the active pursuit of life for many years and who has developed a good character and an unblemished reputation has secured a possession more useful and more valuable than lands or houses or silver or gold. \* \* \* Every man is presumed to be innocent of wrong until he is proved to be guilty, but when a heinous crime is charged upon a man whose character and reputation for honor and integrity have been unquestioned for years in the community in which

he has lived, *that character and that reputation stand sponsors for his innocence and raise a still stronger presumption which accompanies him in public and private, in court and in council and in every situation in life and which is acted upon and recognized daily by all men,—a presumption that such man would not be guilty of such a crime*

\* \* \*”

It may be said in this regard that counsel “should have requested the jury to disregard the remark \* \* \* it is doubtful whether the harm could have been thus remedied”. *Sunderland v. U. S.*, supra.

Again, the questions asked by the prosecutor of William T. Dinneen, on cross-examination (Tr. Record p. 33) in which he was able to get before the jury the intimation that Sixto Posso, a friend of Mayola’s, had been arrested in Colombia in connection with this counterfeit plot and was then in jail, when the Government never attempted to introduce any such evidence, was improper and constituted grave error, and prejudiced the jury against Mayola.

As was said by the Court in *Mercer v. U. S.* (14 F. (2) 281), in a similar circumstance where the prosecuting attorney was attempting to get before the jury damaging information in violation of all the rules of evidence:

“Mr. Reglogle. Is it not a fact Mr. Hamill, that you knew that Harry Mercer at the time you sent him out to sell stock among your friends at Jacksonville had been convicted and had served sentence for forgery and for fraud?

A. No sir.

The unfairness of the question or question and statement combined, consists, not only in its admissibility in any form, but in the particular form in which it was asked. He did not ask if the defendant had been convicted of crime, but stated that he had been and then asked the damaging question, to which there could, in view of what the witness had just said, have been an answer. The defendant was presumed to be innocent until his guilt of the offense charged was proved.

The evident purpose of the District Attorney and what he actually did was to get before the Jury in violation of all rules of evidence, damaging statements, put in the form of questions which greatly prejudiced defendant. \* \* \* That Mercer and not Hamill was on trial seems to have been overlooked. \* \* \* Hamill's credibility might be affected by the admission of proper evidence, but his credibility could not be affected at the expense of a fair trial, Hamill had to be impeached if at all on admissible evidence. *However depraved in character, and however full of crime the past life of defendant might have been, he was entitled to a fair trial on competent evidence.* Boyd v. U. S., 142 U. S. 450, 35 L. ed. 1077. *Otherwise our courts would cease to be courts of law and become courts of men. Liberty regulated by law is the underlying principle of our institutions.* Sparf et al. v. U. S., 156 U. S. 51, 39 L. ed. 343.

*These statements were improper, prejudiced and rendered a fair trial impossible. Case reversed."*



We are addressing this phase of our appeal to this Court, sitting not as a mere arbiter of technical rules, but sitting as an appellate tribunal exercising its inherent power under the Constitution to guarantee that there shall be no miscarriage of justice. As was said in *Edwards v. U. S.*, 7 F. (2) 357, 360:

“Regardless of the *condition of the record* precluding any right of defendants to demand a review of the alleged errors and independent of any provision of the Judicial Code, we have \* \* \* *exercised our inherent power* to determine whether or not there is such a lack of evidence as to make the conviction of defendants a miscarriage of justice.”

And again this was pointed out in *Tinsley v. U. S.*, 43 F. (2) 890, 892:

“Even though no motion was made by Tinsley for an instructed verdict, as the evidence was insufficient to sustain the conspiracy count of the indictment, we are compelled to hold that his conviction on that count cannot stand.”

Or as the Court said in *Peru v. U. S.*, 4 F. (2) 880, 884:

“A conviction of a crime with no evidence to support it whatever presents upon the whole record such a palpable and manifest error as warrants the appellate court in considering it, even if there be no assignment of errors. \* \* \*”

Another case evidencing this exercise of power is *Corliss v. U. S.*, 7 F. (2) 455, 458:

“Taking an exception does not add to the challenge or in any way aid the Court. It is therefore

idle, and failure to take it does not waive the objection.”

The reason for this broad spirit of appellate scrutiny is set out in *Sykes v. U. S.*, 204 F. 900, 912:

“It is that in a criminal case, where the life, or as in this case the liberty of the defendant is at stake, the courts of the United States, in the exercise of a sound discretion, may notice such grave error as his conviction without evidence to support it, although the question it presents was not properly raised in the trial court, by request, objection, exception or assignment of error. \* \* \*”

We now ask you to give your regard to another grave error, which the Court made in instructing the jury, and which in view of what had gone before, could not but prejudice Mayola and deny him a fair trial.

On page 68, transcript of record, the judge charged the jury:

“The word ‘conspiracy’ is not difficult to understand. \* \* \* Agreements to commit crime are necessarily of a secret nature and usually difficult of discovery, and it is generally necessary to prove them by proof of facts from which a jury may fairly and reasonably infer the existence of the agreement. \* \* \* A conspiracy may be proved by proof of facts from which it may be fairly inferred that the parties had a (52) common object and that the act or acts done by each of the parties, though the acts may be different in character, were all done in pursuance of a common end and calculated to effect a common purpose; that the parties steadily pursued the same

object either by the same means or by different means, but all leading to the same result \* \* \* (continuing on page 72).

Thereafter the jury retired and *after deliberating four hours* returned into court with a verdict acquitting defendant Mayola on all counts of the indictment, excepting the Ninth, or conspiracy, Count, under which count the jury found the defendant Mayola guilty (55)."

In the above charge the judge made grave error, and even then the evidence was so unsubstantial, so full of hearsay, so full of suspicions, and inferences, that it took the jury four hours to convict Mayola. But the judge's instruction was so damaging that it could not be cured, and irrespective of any exception constituted such an unconstitutional statement, as brought Mayola under the protection of that great guaranty of individual rights. In saying this we are borne out by the words of many learned appellate judges, and their confreres.

"In other words, a conspiracy is not an omnibus charge, under which you can prove anything and everything and convict of the sins of a lifetime."

*Terry v. U. S.*, 7 F. (2) 28, 30.

Continuing, this decision challenges the very instruction before this Court:

"The instruction is as follows: \* \* \* If you find the acts \* \* \* give rise to a *reasonable and just inference* that they were done as the result of a previous agreement then you are justified in finding a conspiracy existed between them to do

the act. The *portion* of the instruction *does not contain a correct statement of the law.*"

Rather the Court goes on to point out the true statement of the law is:

" 'It is also true in cases of conspiracy \* \* \* that the prisoner is *presumed to be innocent* \* \* \* and where that *proof is in whole or in part circumstantial* in its character, the *circumstances* relied upon by the prosecution *must so distinctly indicate the guilt* of the accused as to *leave no reasonable explanation* of them which is *consistent with the prisoner's innocence.*' U. S. Lancaster, 44 F. 894, 896. \* \* \*

'If the evidence can be *reconciled either with the theory of innocence or with guilt*, the law *requires* that the defendant be given the *benefit of the doubt* and that the theory of innocence be adopted.' U. S. v. Richards, 149 F. 443, 454."

Thus in view of the above case we submit that the learned trial judge's instructions are in direct opposition to the above fundamental principles of law. In *Hart v. U. S.*, 240 F. 911, 914, it was pointed out:

"However badly managed \* \* \* however ill advised, unattractive or even dishonorable the method of raising money \* \* \* *it remains necessary*, if the criminal law is invoked, *to show beyond reasonable doubt* not only bad management, negligence, dishonorable conduct but *guilt of the particular crimes alleged.* \* \* \*

*It is notoriously true that in prosecutions such as this the conspiracy count is tacked upon the principal charge for the purpose (well known if not avowed) of widening the field of evidence*

*and introducing a large number of occurrences wholly unrelated to the actual fraud of which the defendants are accused in order to show coordination of effort on the part of the alleged conspirators from which the agreement or consent of minds (the gist of conspiracy) may be inferred."*

In other words, the very gist of the crime is the meeting of minds, and the judge instructed the jury here, that this might be reasonably and/or fairly inferred. The Circuit Courts of this country, being in effect almost a supreme tribunal and

"having a responsibility for the enforcement in this Circuit not only of the National Prohibition Law but of Federal laws generally, are strongly of the opinion that the conspiracy statute should not be stretched to cover and misused to convict for offenses not within its terms, and when resorted to, the conspiracy must be proved as charged."

*Wyatt v. U. S.*, 23 F. (2) 791, 792.

Such

"possibility \* \* \* inevitably flows from the settled habit of prosecutors (in this circuit at least) of hitching a conspiracy charge to a substantive count."

*Hart v. U. S.*, supra.

As was said in *Cooper v. U. S.*, 9 F. (2) 216, 226:

"We reach the conclusion that the case must be reversed and a new trial granted. This is regrettable in view of the time and expense which has been, and must be consumed and incurred. *However the case is of great importance in its*

*bearing upon private reputation and public justice. Upon the record the guilt of defendants was an open question. In such case, slight departures in procedure may be determinative. While in a clear case we might hesitate to reverse upon many of the errors discussed, all taken together, compel the feeling that justice to the defendants and government alike, requires a second test in which the matter complained of may be largely, if not entirely eliminated."*

We therefore beg this Court to scan the record of this case because of the unusual circumstances, and the verdict of the jury. It seems to be settled law, that if a conspiracy count is hitched to as many substantive counts as in this case, and the defendant is either acquitted of all substantive counts, and convicted of conspiracy, or acquitted of conspiracy and convicted of the substantive counts, the Appellate Courts will consider the result so unusual and peculiar that they will delve carefully into the record to see if the defendant is not in the position that under cover of the unsuccessful charge, the successful one, over due objection, has been bolstered up. In *Hart v. U. S.*, supra, the Court said:

"The overt acts in the conspiracy count are to a considerable extent covered by the nine substantive counts. \* \* \* The plan was not fully carried out. \* \* \* All this testimony formed part of a connected story, not charged to be criminal, except as it tended to show confederation, *yet it could not but create serious prejudice against those persons who (whether they had conspired or not) had taken a larger or smaller part in the negotiation and sale of promissory paper*

issued and received in a manner repugnant to the mind of any prudent and scrupulous business man.

Thus the action of the jury in *acquitting* all of the defendants of the *conspiracy charge*, has under the circumstances, *laid a heavy burden on the prosecution to uphold the conviction for the substantive offense*. The verdict of not guilty of conspiracy left for the jury's inevitable consideration a mass of testimony immaterial to the issue passed upon adversely to these plaintiffs in error and their co-defendants and yet *extremely prejudicial* to them \* \* \* but to acquit of conspiracy and convict of substance, *produced a condition requiring the scanning of the record to ascertain whether, under cover of the unsuccessful charge the successful one, over due objection, has been bolstered up.*"

In the case of *Morris v. U. S.*, 7 F. (2) 785, 791, the Court said:

"The government carries a *heavier burden* where it seeks a *conviction under section 37 for a conspiracy* \* \* \* *because it must prove intent.*"

The Court went on to say that the defendant has been acquitted on all substantive counts, and only convicted on the conspiracy count.

"The findings are not inconsistent as was the case in *Rosenthal v. U. S.*, 276 F. 714; *Peru v. U. S.*, 4 F. (2d) 881. \* \* \*

We have examined the record with *some anxiety because of the rather peculiar result of the trial*, but we are satisfied there are no errors affecting the substantial rights of defendant \* \* \*

Not only this, but where an acquittal of such important counts is brought in, it is settled law that the verdict must be supported by evidence other than the facts set out in the counts acquitted upon. In *Peru v. U. S.*, 4 F. (2) 880, 884:

“The court instructed a verdict on the counts charging sales, and possession of intoxicating liquor, and the jury found Bird guilty on the fifth count, in maintenance of a common nuisance. If the government relies on the facts stated in the first four counts to sustain the fifth count, the judgment cannot stand. *The verdict as to that count must be supported by evidence other than the facts set out in the first four counts.*”

This language is strongly endorsed in *Murphy v. U. S.*, 18 F. (2) 509, 512, where the jury acquitted on the first count:

“The verdict of guilty on the third count must be based upon evidence other than that pleaded in support of the first count. It remains to be considered whether there is such evidence. The sale element being eliminated we are forced to *rely entirely upon proof of possession* accompanied by facts tending to show that Murphy’s place was maintained for keeping and selling intoxicating liquors. \* \* \* *No one saw any liquors taken from one place to the other, no one saw any sale or disposition. As to both things we are committed entirely to suspicion.* \* \* \* *Courts should not strain the principles established for the protection alike of society and those accused of crime.*”

In the case of *U. S. v. Renda*, 56 F. (2) 601, the Court said:



“The evidence against defendant Renda was adequate except for the character of the witness. \* \* \* His credibility was tenuous to the last degree. The accepted canon in such cases is that when the evidence is substantial the verdict is final. The eighth circuit did refuse a conviction. \* \* \* and *Dahly v. U. S.*, 50 F. 2nd 237, was a similar ruling without reliance upon that apocryphal doctrine. Just what ‘substantial evidence’ is Courts have never declared, and probably cannot. \* \* \* *Courts do not attempt to weigh the evidence by other scales than in civil cases. And yet the whole notion depends upon the graver consequences of a criminal prosecution, with its attendant requirement of more persuasive proof.* Whether this should be reflected in a stiffer treatment of the evidence necessary to allow submission at all is an open question. \* \* \* We are not in agreement \* \* \*”

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THE COURT ERRED IN ADMITTING OVER PROPER OBJECTION THE TESTIMONY OF DEFENDANT ARMSTRONG, OF CONVERSATIONS IN WHICH WALKUP INVOLVED DEFENDANT MAYOLA, WHO WAS NOT PRESENT AT THE TIME AND WHO NEVER AUTHORIZED WALKUP TO ACT AS HIS AGENT IN THIS REGARD. NO AGREEMENT WAS SHOWN TO HAVE EXISTED PRIOR TO THIS TIME INVOLVING MAYOLA, AND THE CONVERSATIONS WERE NOT IN FURTHERANCE OF THE ALLEGED CONSPIRACY. THIS ERROR WAS EXTREMELY PREJUDICIAL TO MAYOLA.

For the purpose of brevity, we shall take up these assignments of error together, I, II and III, Transcript of Record, pages 75-78, as follows:

## “I.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during direct examination of the Government's witness Albert A. Armstrong, the prosecutor put to him the following question: 'Q. Do you recall a conversation with Mr. Walkup and Mr. Mayola in April, 1932, concerning the payment for the expenses of the trip to South America?' Counsel for defendant Mayola objected to the question as leading and suggestive, and, further, that Mr. Mayola had not been connected with the conspiracy. The prosecutor stated that the contention of the Government was that the conspiracy is still in effect and was up until the time of the arrest of the first conspirator. Thereupon, the court overruled the objection and an exception was noted (Exception No. 1). The full substance of the evidence admitted over that objection and exception was as follows: 'A. I have never had any conversation with Mr. Mayola, nor in his presence, in regard to the payment of expenses of the trip or anything of that sort; Mr. Walkup told me that he had got \$500.00 from Mr. Mayola for the expenses of the trip and Mr. Walkup divided the \$500.00 with me, so that I could have \$250.00 of it while looking after Walkup's business while he was away; he said he might be gone three months.'

## II.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Albert A. Armstrong, the witness testified that the first

time he heard of Mr. Mayola was along in October, 1931, in a conversation with Mr. Walkup; thereupon the prosecutor put the following question to the witness: 'Q. What was that conversation?' Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 2). The full substance of the evidence admitted over that objection and exception was as follows: 'A. Myself, Mr. Johnson and Mr. Walkup were present and I said to Mr. Walkup that I must know who these people are who want me to go to work in South America, and Mr. Walkup said that it was his next door neighbor, Mr. Mayola, who was going to put over a big deal in South America and was going to put in the lithograph plant.'

### III.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the re-direct examination of the Government's witness Albert A. Armstrong, the witness testified that all that he knew about the defendant Mayola was what he was told by Mr. Walkup between November, 1931, and April 9, 1932; thereupon the prosecutor put the following question to the witness: 'Q. What was the approximate date of the first conversation?' Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 3). The full substance of the evidence admitted over that objection and

exception was as follows: 'A. I would say that was along about the time when I started to talk to him about getting nervous about getting the plant in. Then when he told me that they wanted me to go down to South America,—then he told me at that time that Mr. Mayola was a big man down there and that I didn't have anything to fear in detection; it was an easy way to make ten thousand dollars; I would have all the protection from the government officials down there; I would be perfectly safe. That was what he told me at that time.' "

There can be no doubt after reading these questions and answers, that their effect upon the jury was most prejudicial.

Not only this but the statements by Walkup were untrue on their face. In Assignment II Armstrong testified that "the first time he heard of Mr. Mayola was along in October, 1931. \* \* \* and I said I must know who these people are who want me to go to work in South America, and Mr. Walkup said that it was his next door neighbor, Mr. Mayola, *who was going to* put over a big deal in South America and *was going to* put in the lithograph plant". As a matter of fact Armstrong never went to South America, and the lithograph plant was being torn down, before Mr. Mayola loaned Walkup the \$500.00. This answer was therefore not only inadmissible as hearsay, but also as not even the statement of a fact, but something which existed only in the brain of Walkup, a plan of future action, of what he was going to do, which plan never came true.

In Assignment III, Armstrong was allowed to testify in the same vein, the hearsay thus admitted was what *would* happen. "I started to talk to him about getting nervous about getting the plant in \* \* \* they wanted me to go down to South America, \* \* \* that Mr. Mayola was a big man down there and that I didn't have anything to fear in detection; it was an easy way to make ten thousand dollars; I *would* have all the protection from the government officials down there; I *would be* perfectly safe."

In Assignment I Armstrong was allowed to testify, "I have *never had any conversation with Mr. Mayola nor in his* (59) *presence*, in regard to the payment of expenses or anything of that sort; Mr. Walkup told me that he had got \$500.00 from Mr. Mayola for the expenses of the trip and Mr. Walkup divided the \$500.00 with me, so that I could have \$250.00 of it *while looking after Walkup's business while he was away; \* \* \**" Again we have one conspirator talking to another, without any authorization involving a third party, not then present, and such statements were not made in furtherance of the conspiracy. In fact the money given to Armstrong was for the purpose of looking after Walkup's business which was a legitimate business, and we can hardly see where it was in furtherance of the conspiracy.

A case on all fours with the above facts is *Kuhn v. U. S.*, 26 F. (2) 463, in which the Court said:

"Upon a re-examination of the record we have concluded that we were in error in holding the evidence sufficient to warrant a finding beyond a

reasonable doubt that the defendant Moon participated in the enterprise with knowledge of its unlawful character. The most material circumstance against him was that he was on or about the Talbot the night the arms were taken aboard. But they were in boxes or cases and he may very well have been ignorant of the contents or their destination. We think too, we failed to attach due significance to the fact that Borreson who freely gave evidence for the government at no time testified that there was any communication to Moon touching the real object of the voyage. Moon is not shown to have had any connection with any of the parties prior to his employment. \* \* \* *True Borreson testified that either Swinehart or Gum told him, but not in the presence of Moon, that Moon should have a half share or \$500.00 interest. But giving to the rules of evidence in conspiracy cases the widest reasonable latitude, we are aware of no principle under which the declaration of one conspirator to another is competent to establish the connection of a third person with the conspiracy.*" Reversed as to Moon.

The language of this case applies equally to the testimony of Mrs. Walkup, which we shall bring before the attention of this Court. She was a conspirator with her husband and others if there was any conspiracy irrespective of whether the government prosecuted her or not. The statement of her husband to her was the statement of one conspirator to another not in furtherance of the conspiracy and not in the presence of Mayola, and thus is not competent to connect Mayola with the conspiracy. We shall take

up her evidence later for the reason that it involves other objections.

Another case directly in support of our contention is *U. S. v. Renda*, 56 F. (2) 601, in which the Court pointed out:

“The only evidence against D’Agostino was that *one of the conspirators DeFranco was heard to call some one on the telephone and ask if ‘Dominick D’Agostino’ was speaking.* Apparently receiving an affirmative answer, DeFranco then asked the listener to bring ‘tenpieces’ which concededly referred to morphine in which the conspirators were dealing. *The telephone number called was registered under D’Agostino’s name in the telephone book. The evidence of course was hearsay for the identity of the person called depended upon DeFranco’s voice, whom he knew. The theory of its admission apparently was that since DeFranco was abundantly shown to be acting in criminal concert with defendants other than D’Agostino any admission of his was competent against all who had been indicted. The error is however apparent.* The declarations of one party to a concerted mutual venture are admitted against the rest on the notion that they are acts in its execution. \* \* \* In so far as they are such they are authorized by all and are treated as their admissions. *However obviously the declaration cannot prove the authority any more than that of an agent. The party to be implicated must be shown independently to be in fact a party to the venture, else there is no authority to act for him.* Before DeFranco’s declaration, itself only implied from his conduct, could be competent against D’Agostino, D’Agos-

tino must therefore have been otherwise shown to be acting in concert with DeFranco and that concert such that the declaration was apt to its execution. *As nothing of the sort was shown the case against him failed. \* \* \**

Again in *U. S. v. Logan*, 45 F. 872, 889, this is reiterated:

“But to establish the connection of either of the defendants \* \* \* with the conspiracy \* \* \* *such connection must be shown by other proof than the declarations of others made out of the witness box and not in the presence of the defendant charged, and this applies as well to the declarations of any one of the defendants, made not in the presence of the one whose connection or not with the conspiracy is being considered.* Each of the defendant’s own declarations made at any time, and the declarations of any other persons made in his presence are competent to be considered in passing on the question as to whether said defendant was *connected* with said conspiracy.”

A similar declaration came before the Court in *Bryan v. U. S.*, 17 F. (2) 741, and the Court reversed the lower Court saying:

“Mrs. Sherban further testified that on the morning after the seizure plaintiff in error’s wife telephoned her that the E-301 (a boat) had been seized and later on the same day Ison the man who was seen on the beach near the place where the boats landed, called at her home, stated he was the plaintiff in error’s brother-in-law and asked her if she knew that the E-301 had been seized and



that she replied that Mrs. Bryan had telephoned to her. Plaintiff in error did not object to Mrs. Sherban's testimony in regard to his wife, but he did object and except to a question which elicited Mrs. Sherban's answer to the effect that Ison asked her if she knew that the E-301 had been seized.

We are of the opinion that the ruling complained of constitutes prejudicial error. Ison's conversation with Mrs. Sherban tended strongly to show that he made an attempt to conceal evidence that plaintiff in error was the owner of the E-301. *The attempt could not be attributed to plaintiff in error in the absence of proof that it was made by his authority or with his knowledge or consent \* \* \** Ison was seen by government witnesses near the place where the boats were landed in pursuance of the conspiracy, and *it is entirely consistent* with the evidence that his attempt at concealment was made to protect himself or that he voluntarily took it upon himself to protect his brother-in-law.

The government seeks to sustain the ruling on the theory that Ison was a co-conspirator \* \* \* But there is no evidence that the conspiracy continued beyond the time of seizure, and it is well settled that the declaration and conduct of a co-conspirator are binding only upon himself after the conspiracy has been abandoned or broken up \* \* \* the judgment is reversed."

THE COURT BY ADMITTING THE TESTIMONY OF HELEN WALKUP COMMITTED GRAVE ERROR, WHICH PREJUDICED DEFENDANT MAYOLA, AND WHICH IS GROUNDS FOR REVERSAL.

These assignments of error are IV to X, transcript of record, pages 78-81, and are as follows:

“IV.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Helen Walkup the witness testified that at one time, when Mr. Walkup returned from Mr. Mayola's residence, Mr. Walkup told her about a conversation between him and Mr. Mayola at which she was not present; thereupon the prosecutor put the following question to the witness: ‘Q. What did Mr. Walkup say?’ Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 5). The full substance of the evidence admitted over that objection and exception was as follows: ‘A. He told me that Mr. Mayola said that it would be best if they carried their counterfeit bills on them, under their clothes, and that it would be better for Mr. Walkup to carry them, because Mr. (61) Mayola was a larger man and all that around his waist would make him look much larger than normal. I told Mr. Walkup that I thought he was being foolish in taking it at all.’

V.

The District Court erred in admitting the following evidence over the objection and exception

of defendant Mayola: in the course of the direct examination of the Government's witness Helen Walkup, the witness testified that Mr. Walkup was hard pressed financially and that he told her where he was getting money for the trip; thereupon the prosecutor put the following question to the witness: 'Q. What did he say?' Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 6). The full substance of the evidence admitted over that objection and exception was as follows: 'A. Two or three days before the day of sailing, Mr. Walkup told me that Mr. Mayola had agreed to give him \$500.00 out of which Mr. Walkup stated that he was to give Mr. Armstrong some and the remainder was to finance Mr. Walkup's trip to take the bills down.'

## VI.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: in the course of the direct examination of the Government's witness Helen Walkup, the witness testified that she did not see the money belt made, in which the money was carried by Mr. Walkup, but that Mr. Walkup told her who made it; thereupon the prosecutor put the following question to the witness: 'Q. Whom did he say made it?' Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 7). The full substance of the evidence admitted over that objection and

exception was as follows: 'A. Mr. Walkup told me that Mrs. Mayola had made it.'

## VII.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during redirect examination of the Government's witness Helen Walkup, the prosecutor put to her the following question: 'Q. Between February, 1932, and April 9, the day of sailing for South America, did Mr. Walkup tell you anything about conversations with Mr. Mayola concerning counterfeit money?' Counsel for defendant Mayola objected to the question upon the ground that the question was leading and suggestive. The Court overruled the objection and an exception was noted (Exception No. 8). The full substance of the evidence admitted over that objection and exception was as follows: 'A. Around in March Mr. Walkup told me that Mr. Mayola might take him to South America with him to dispose of the money.'

## VIII.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during redirect examination of the Government's witness Helen Walkup, the prosecutor put to her the following question: 'Q. Did he [Mr. Walkup] mention names of other persons to be concerned with that counterfeit money?' Counsel for defendant Mayola objected to the question upon the ground that this conspiracy terminated after the money was made. The Court overruled the objection and an exception was noted (Exception No. 9). The full sub-

stance of the evidence admitted over that objection and exception was as follows: 'A. He said Mr. Mayola knew someone in South America who could handle it.'

### IX.

The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: during redirect examination of the Government's witness Helen Walkup, the prosecutor put to her the following question: 'Q. Did he [Mr. Walkup] mention the name of that party in South America?' Counsel for defendant Mayola objected to the question upon the ground that the question called for hearsay. The Court overruled the objection and an exception was noted (Exception No. 10). The full substance of the evidence admitted over that objection and exception was as follows: 'A. He told me that Mr. Mayola introduced him to two men, Sisto Posso and Senior Ibanez, in South America, who wanted to handle the money if it was good.' "

As the Appellate Court said in *Hanfelt v. U. S.*, 53 F. (2nd) 811:

*"This evidence was palpably hearsay. The defendants were charged \* \* \* with a conspiracy \* \* \* Counsel for the government referring to this testimony says, 'It must be conceded that this was hearsay \* \* \*' The defendants under the Constitution were entitled to be confronted with the witnesses against them. (Amendment 6, Constitution.) The rule excluding hearsay is the broadest of all rules of evidence. Such evidence is not subject to the ordinary tests required by law for ascertaining the truth. The witnesses cannot*

*be cross-examined in the presence of the court and jury, and, such testimony not being under the sanction of an oath, the witness could not be prosecuted for perjury, if his evidence were false. Neither is he subject to observation by the jury, as he would be if produced as a witness before them.*

In *Hopt v. People*, 110 U. S. 574, 28 L. Ed. 262, in an opinion by Mr. Justice Harlan it is said: ‘\* \* \* consequently his answer could only place before the jury the statement of someone not under oath, and *who, being absent, could not be subjected to the ordeal of cross-examination.* The question plainly called for *hearsay evidence*, which in its legal sense denotes that kind of evidence which does not derive its value solely from the credit to be given to the witness himself, *but rests, also in part, on the veracity and competency of some other person.*’ 1 Greenl. Ev., sec. 99; 1 Phil. Ev. 169. The general rule, subject to certain well-established exceptions as old as the rule itself,—applicable in civil cases and *therefore to be rigidly enforced where life or liberty are at stake*,—was stated in *Queen v. Hepburn*, 7 Cranch. 295 (3 Law. ed. 348), to be ‘*that hearsay evidence is incompetent to establish any specific fact, which fact is in its nature susceptible of being proved by witnesses who speak from their own knowledge.*’ ‘That this species of testimony,’ the court further said, speaking by Chief Justice Marshall, ‘supposed some better testimony which might be adduced in the particular case is not the sole ground of its exclusion. *Its intrinsic weakness, its incompetency to satisfy the mind of the existence of the fact, and the frauds which might be*

*practiced under its cover, combine to support the rule that hearsay evidence is inadmissible.'*

The evidence so erroneously admitted tended to prove very material and essential allegations in the indictment, and we cannot say that its admission was without prejudice to the defendants \* \* \*

This language is vigorously followed in the case of *Hauger v. U. S.*, 173 F. 54, 56, in which the Court said:

"The first exception is based upon the admission of the testimony of John E. Washer a witness offered in behalf of the United States who gave in detail an alleged confession made to witness by one George Menear, being at the time confined in the said jail under arrest on the charge of passing counterfeit money." (Here follows a complete record of the testimony.)

"*The point is whether under the circumstances the alleged confession \* \* \* was admissible as declarations of a co-conspirator \* \* \** In this case there was an *entire absence* of evidence to prove the *unlawful combination* between Menear and the defendant. *It is true that Menear stated to Washer, so Washer testified, that about the 1st of October, 1905, he Menear, and the defendant entered into an agreement or conspiracy to make and pass counterfeit coins. But as to that fact the declaration of Menear was only hearsay. There is no rule which renders the declarations of an alleged co-conspirator given second handed, admissible to prove the existence of the conspiracy. Such declarations are made competent only after the conspiracy has been shown to exist. In this view*

the alleged declarations of Menear are *clearly incompetent.* \* \* \*

*As we have said all of Washer's testimony detailing the alleged confession of Menear \* \* \* is only hearsay.* It is not necessary to refer to any rule or to cite authority in regard to the inadmissibility of hearsay testimony, but we will call attention to one leading case, *Queen v. Hepburn*, 11 U. S. 290, 3 L. Ed. 348. \* \* \* Chief Justice Marshall says:

‘That hearsay evidence is incompetent to establish and specific fact which fact is in its nature susceptible of being proved by witnesses who speak from their own knowledge.

It was very justly observed by a great judge that “*all questions upon the rules of evidence are of such importance to all orders and degrees of men: our lives, our liberty and our property are all concerned in the support of those rules, which have matured by the wisdom of ages and are now revered for their antiquity and the good sense in which they are founded.*” *One of these rules is that “hearsay” evidence is in its own nature inadmissible’* \* \* \*

*So strictly have the Courts guarded and applied the rule that hearsay has been held incompetent even in the aid of human freedom* \* \* \*

Washer further stated that the remaining six alleged counterfeit coins he (Washer) had obtained from various persons \* \* \* who told him (Washer) that they had received said alleged counterfeit dollars from the said George Menear previous to the date of his arrest \* \* \* The testimony was clearly incompetent hearsay \* \* \*

Reversed.”



In this case we have Walkup, a confessed criminal, and who committed suicide after having made one confession the first one, absolving Mayola, another confession involving Mayola, and who thus by his own mouth convicted himself of being unable to tell the truth; brought out of his grave by the Government to testify through the mouth of his wife, as to a conversation which rivals the Arabian Nights, and all without the slightest opportunity of Mayola's counsel to cross-examine that dead conspirator who stalked continually before the jury with the approval of the judge. If this be the law, then where are the vaunted rights of the Constitution? But we submit this is not and cannot be the law.

This right of cross-examination of Walkup can well be set forth in a recent case in the Supreme Court, *Alford v. United States* (282 U. S. 687, 75 L. Ed. 624). The petitioner here was convicted of using the mails to defraud, in violation of Section 215 of the Criminal Code. At the trial a former employee of the petitioner testified against him. This testimony related in part to conversation between the witness and the petitioner when others were not present, as well as to statements of the petitioner to his salesmen, whom the witness did not identify.

On certiorari it was reversed in the Supreme Court in an opinion delivered by Mr. Justice Stone. The basis for the reversal and the extent of the right to cross-examine were then discussed in the following portions of the opinion:

“Cross-examination of a witness is a matter of right. \* \* \* Its permissible purposes, among

others, are that the witness may be identified with his community so that independent testimony may be sought and offered of his reputation for veracity in his own neighborhood \* \* \* that the jury may interpret his testimony in the light reflected upon it by knowledge of his environment \* \* \* and that facts may be brought out tending to discredit the witness by showing that his testimony in chief was untrue or biased. \* \* \*

*The present case, after the witness for the prosecution had testified to uncorroborated conversations of the defendant of a damaging character, was a proper one for searching cross-examination.* The question 'Where do you live?' was not only an appropriate preliminary to the cross-examination of the witness, but on its face, without any such declaration of purpose as was made by counsel here, was an essential step in identifying the witness with his environment, to which cross-examination may always be directed. \* \* \*

But counsel for the defense went further, and in the ensuing colloquy with the court urged, as an additional reason why the question should be allowed, not a substitute reason, as the court below assumed, that he was informed that the witness was then in court in custody of the federal authorities, and that that fact could be brought out on cross-examination to show whatever bias or prejudice the witness might have. *The purpose obviously was not, as the trial court seemed to think, to discredit the witness by showing that he was charged with crime, but to show by such facts as proper cross-examination might develop, that his testimony was biased because given under promise or expectation of immunity or under the coercive effect of his detention by officers of the*

*United States, which was conducting the present prosecution. \* \* \* Nor is it material, as the Court of Appeals said, whether the witness was in custody because of his participation in the transactions for which petitioner was indicted. Even if the witness were charged with some other offense by the prosecuting authorities, petitioner was entitled to show by cross-examination that his testimony was affected by fear or favor growing out of his detention. \* \* \**"

Thus this Court allowed Helen Walkup, young, good looking, well dressed, the mother of two children, and far from looking the part of a conspirator, not in detention or arrest or under indictment, to pleasantly tell to the expectant jury a story told by her husband who could have been so easily discredited upon cross-examination. We have searched the records, and can find no case to support the learned judge in this ruling, but on the other hand we have found the following cases directly opposed to such evidence. We ask this Court to bear with us for we are pleading for a man whom we believe to be innocent, and whose conviction is a miscarriage of justice.

In the case of *Miller v. U. S.*, 133 F. 337, 351:

"For the same reasons these letters and clippings were not competent evidence that the defendants had any knowledge of any of the alleged facts stated in them \* \* \* the statements in the letters and clippings are much less competent than hearsay. The suggestion that letters and clippings were properly received in evidence because they were a part of the things done by the defendants in execution of the alleged scheme

to defraud is not persuasive. It is only those acts in execution of the scheme which have some tendency to prove or disprove the charge that defendants conspired to devise or execute it that constitutes competent evidence upon the trial of the issue which that charge presents. \* \* \* *The receipt of these letters and clippings \* \* \* was prejudicial and fatal error \* \* \** this clipping from the newspaper was no evidence of the fact that he was ever president of that company. *It was nothing but hearsay of hearsay.*”

Again in

*Lemon v. U. S.*, 164 F. 953, 959,

a letter was disallowed:

“In the investigation of the charges of fraud the latitude of inquiry is wider than is allowed in many cases. This is so because the intent of the parties is a mental condition and provable by a variety of acts, declarations, and facts which are often incompetent in the trial of other issues. *But this latitude of inquiry does not justify a disregard of the rules of competency or relevancy \* \* \** The case was a *criminal charge \* \* \** not a *civil suit. \* \* \** *This fact seems to have been lost sight of or to have been intentionally ignored.* The most important issue in the trial was whether the bank had been conducted honestly. \* \* \* *The letter bore directly upon that issue but it was nothing but hearsay evidence. \* \* \** *The supposed Mr. Lastinger (who is alleged to have written the letter) was permitted to testify unsworn, and without cross-examination directly on the most vital issue in the case and defendants were deprived of their constitutional rights to be confronted with the witnesses against them. The let-*

*ter was not only read to the jury with the stamp of the court's approval on it as competent and trustworthy evidence but the Court went further. \* \* \* The error was a grave one and necessarily prejudicial. \* \* \**

It has been our good fortune to be able to present to this Court, cases which are so closely in point that there is no doubt but that they apply. Such a one is *Sykes v. U. S.*, 204 F. 900, 912, where the testimony of an accomplice, before the Court, uncorroborated, and contradicted by the witness, is condemned. How much worse is that same testimony given second hand by the wife of such an accomplice.

“The fact that the mail bag and the gunny sack were found where she said Sykes placed them, while it tended to show that this confessed criminal knew where the gunny sack was placed, had no more tendency to prove that Sykes put them there than it had to prove any member of the jury or any other innocent man did so. Wharton in the ninth edition of his work on Criminal Evidence in section 442 says: *‘The corroboration requisite to validate the testimony of an alleged accomplice should be to the person of the accused. Any other corroboration would be delusive, since, if corroboration in matters not connecting the accused with the offense were enough, a party, who on the case against him, would have no hope of escape, could, by his mere oath, transfer to another the conviction hanging over himself’* \* \* \*

\* \* \* all her statements tending in any way to show Sykes' connection \* \* \* are CONTRADICTED by them. She contradicted her own testimony. \* \* \* One of these statements is false. \* \* \* Strike down

*Mrs. Callahan's testimony and there is nothing to connect him with it. \* \* \**

'It is undoubtedly the better practice', says the Supreme Court, 'for courts to caution juries against too much reliance upon the testimony of accomplices, and to require corroborating testimony before giving credence to them.' *Holmgren v. U. S.*, 217 U. S. 509, 523, 524, 54 L. Ed. 861. And the conclusion is that the *uncorroborated testimony of the confessed perpetrator of a crime, contradicted under oath by herself, contradicted by other witnesses, and inspired by the hope of immunity from punishment, which in this case had turned to glad fruition, that another was an instigator or a participant in the perpetration of her crime, is not only insufficient to establish his guilt beyond a reasonable doubt but that it presents no substantial evidence of it.* *Jahnke v. State*, 68 Neb. 154, 104 N. W. 154, 158. \* \* \*"

Another case which is very similar to the instant case is *Kirkwood v. U. S.*, 256 F. 825, where it was said:

"We think that in the conviction of Denison there was a *clear miscarriage of justice*, that considering the *character and the source of evidence against him and its value in relation to all that was received at the trial, it should reasonably be said that there was no substantial proof of his guilt.*

Denison employed the agency for which Kirkwood worked, but there *was no evidence whatever, except as presently mentioned, that he otherwise employed Kirkwood or paid him for his services, or expenses, nor evidence that he directed him in*

his dealings with the postoffice clerk at Harrisonville *or authorized or knew* of any unlawful tampering with the mails. \* \* \* *The sole adverse proof was the testimony of a detective in Chicago and his stenographer* that in a subsequent conversation in that city Denison admitted connection with the opening of the letters. *The stenographer fully discredited herself* and we put her testimony aside without further mention. *The credibility of the Chicago detective was impeached* by evidence \* \* \* that he gave *false testimony* \* \* \* and made *false statements* \* \* \* and that his *reputation for truth and veracity where he lived was bad.*

A thorough examination of the proceedings at the trial has convinced us that the *conviction of Denison was due in no small measure to the latitude allowed counsel for the government in the examination of witnesses, and the emphasis put upon relatively unimportant matters.* \* \* \*

In this case, counsel for Mayola had no opportunity to impeach Walkup's statements, by showing that he had made false statements, other than the bringing in a first confession just after his arrest, when he was most likely to have told the truth, before the hope of advancing his own cause at the expense of Mayola suggested itself to his mind. Neither could we attempt to show that his reputation for truth, honesty and veracity in the community was bad, for he was a dead man. It must be admitted that he told contradictory stories. After some difficulty had been experienced by counsel in obtaining the same from the government (Tr. of Record p. 29) the answer of Walkup is brought to light (in italics):

“Mr. Tramutolo. I now ask that the Government furnish me, if they will, with the original affidavit of Mr. Herbert Walkup, dated June 30, 1932.

Thereupon, Mr. Van Der Zee stated that he did not have the document, but they would cause a search to be made for it; he said that he did have a statement made by Herbert Walkup on July 1, 1932, if counsel wished to use it. Mr. Tramutolo replied that he did not want that one, but wanted the one of June 30, 1932.

Mr. Van Der Zee. If it is the purpose of counsel to show what Mr. Walkup stated with regard to this transaction, here is the statement dated July 1, 1932, and he is welcome to use it.

Mr. Tramutolo. I am asking for the specific statement made on June 30, 1932.

(After recess.) Mr. Van Der Zee stated that he had had a search made by Secret Service Agent Jarrell, and was prepared to offer every statement that Mr. Walkup made for such disposition as the court thought proper. Mr. Tramutolo replied that he was requesting one particular statement, specifically the one of June 30, 1932.

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Thereupon, Mr. Van Der Zee recalled Mr. JARRELL as a witness, who testified that Herbert Walkup made two statements, one on June 30, 1932, and the second one on July 1, 1932. Both of those statements were introduced at the hearing on the extradition of defendant Campbell, at which hearing I was present. The statements were not read at the hearing.

Mr. Tramutolo. I ask to read that portion, your Honor.



The Court. Very well, read it.

Mr. Van Der Zee. We object to counsel reading a portion of this statement unless we are permitted to introduce the entire statement, and any other statements used, by Mr. Walkup, in this hearing.

The Court. I will not say about that. You may indicate to the jury what it is you are reading from.

Mr. Tramutolo. Gentlemen, this is a statement taken of Mr. Herbert L. Walkup, San Francisco, on June 30, 1932—without reading all the preliminaries, I will get to the question that I think is pertinent and the one that I want to introduce into the record, it starts with asking his age, then, after being asked several other questions, this question was asked him:

‘Q. *What does Mr. Mayola know about it?*

A. *I don't think the man knows anything about the counterfeit money. I am not trying to protect the man but the man honestly was talking about mines—got power of attorney for a mine while in Panama, talked mine to two other people I know of while there. I know Mayola has promoted some big mine companies in Colombia—the Colombia Gold and Platinum Company.’*”

Thus the real truth came from the lips of this confessed criminal prior to the time fear set in, which fear drove him to involve Mayola to save himself, and failing to extract a promise of immunity on the basis of this treachery, like Judas of old, he committed suicide.

Thus as is said in the case of *Stager v. U. S.*, 233 F. 510, 513:

“A conspiracy could be proved by the mere letter of one man that another was implicated.”

The Court therein said:

“When a conspiracy is once established, acts and admissions of anyone of the conspirators in pursuance of the conspiracy and while it continues are admissible against the others, upon the theory that the conspirators are agents of one another in the common enterprise. But the preliminary question whether sufficient evidence of a conspiracy has been adduced must always be answered by the Court in the affirmative or the general rule of evidence excluding hearsay will render an admission of one of the conspirators inadmissible against the others.

Inasmuch as we do not think the existence of a conspiracy was established these letters were wholly incompetent and inadmissible against Stager. *But even if there had been sufficient evidence of a conspiracy we find nothing tending to establish that any conspiracy was entered into* \* \* \* on the 29th day of December, 1911.

This letter contained the following statement: ‘of course the \$200. to Stager are well placed and *we shall have* to give him ore at the end of the year if he continues to keep us informed properly’.

We can find no warrant for the admission of this letter *written at a time covered by no other or prior evidence showing the formation of a conspiracy other than the letter itself. If such a letter is competent, a conspiracy could be proved by the mere letter of one man that another was implicated. The very object of the rule against hearsay was to prevent a jury from*

*being influenced by statements of persons who could not be subjected to cross-examination. Reversed.*”

Not only this, but such a statement must be made in furtherance of its object. The statements made by Walkup consisted of a narrative by a husband to his wife, in which she testified she did not even have any corroboration, for she did not see or hear of her own eyes and ears, any of the facts stated. The Courts all hold that statements must be in furtherance of its object. In the case of *Tofanelli v. U. S.*, 28 F. (2) 581, it was held:

“These statements based on hearsay and neighborhood gossip were in our opinion utterly insufficient to warrant the submission of the case to the jury or to support a verdict finding that the defendants had conspired to deposit stolen ore in the United States Mint. \* \* \*

The test whether the *statement or declaration* of one conspirator is admissible against others *does not depend entirely upon whether the statement was made during the existence of the conspiracy.* The statement or declaration must not only have been made during the continuance of the conspiracy *but it must likewise have been made in furtherance of its object. This element was entirely overlooked by the court below.*”

This element of the furtherance of the conspiracy as a necessary condition precedent to the allowance of such testimony is strongly endorsed in *Clark v. U. S.*, 61 F. (2) 409 where it was said:

“*Error is assigned to the admission in evidence over objection, of the testimony of two witnesses,*

*as follows: C. C. Stewart testified, in substance, that Thomas told him that Haymans told him (Thomas) that the sheriff had issued a warning*  
\* \* \*

*C. K. Haymans testified \* \* \* that later Thomas told the witness that the sheriff came to Haymans' place to tell him that Bergstrom (a prohibition officer) was there and to be careful.*

It appears that Stewart and Thomas were the principal conspirators. Stewart had been granted immunity \* \* \* was the principal witness against appellant. \* \* \* Appellant took the stand in his own behalf and denied that he had ever made any agreement with Stewart or any one else to engage in the conspiracy, denied that he had received any money from Stewart, and denied that he had given him any aid whatever.

One of the means by which the conspiracy was to be effective was for appellant to warn the conspirator from time to time. There is no evidence in the record to sustain this allegation except the two hearsay statements, admitted over objections above noted. \* \* \*

As the statements were made by Thomas in August it is possible the conspiracy had been abandoned. *At any rate they were merely a narrative of past events. And clearly they were not made by Thomas in furtherance of the conspiracy, and were not part of the res gestae of any overt act. It would be extending the rule to unreasonable limits to permit these statements made by a co-conspirator not on trial, to be admitted.* There are decisions which would seem to support a contrary conclusion, but upon close analysis, they fall short of doing so. The conclusion we

reach is supported by the well-considered opinion of Judge Hand in *Van Riper v. U. S.* \* \* \* Considering the *conflicting evidence before the jury*, we cannot say that the testimony improperly admitted, was harmless. These errors require a reversal of the judgment."

The same rule is again stressed in

*Romeo v. U. S.*, 23 F. (2) 551, 553,

where the Court said:

"The major part of the testimony of Agent Whitney related to reports made to him from time to time by defendant Rossi giving information as to the personnel of the conspiracy *and narrating what they had done in the past and what they proposed to do in the future. Rossi was not on trial* and it will be conceded perhaps that statements made by him were incompetent as against other defendants, unless made in their presence, or unless made in furtherance of the conspiracy. It is not contended that the statements were made in the presence of any of the other defendants *nor can it be successfully contended that they were made in furtherance of the objects of the conspiracy.* Indeed that necessary effect of the reports was to bring the conspiracy to an end, rather than to further its objects. *Nor does such a narration of fact come within even the broadest conception of the res gestae rule.* For these reasons that part of the testimony should have been excluded if timely objection had been made."

And now we present for the consideration a case which we submit is on all fours with the present case. The case of *Brown v. U. S.*, 298 F. 428, 429, held:

*“Another incident \* \* \* unusual \* \* \* and immaterial, is that the general outline of the scheme if not in detail was conceived in the brain of one Ellsworth who died before indictment found. This man was plainly the leader.  
\* \* \**

After the decease of Ellsworth certain papers were found on his desk and in his handwriting. They were apparently memorandum suggestive of intended talks with various of his subordinates particularly Atkins. \* \* \* There was no evidence that Atkins had taken any part in the making of this memorandum or that he had ever seen it—something which he himself denies. But the piece of paper was introduced in evidence. \* \* \*

It is, of course, true that any act or declaration of any conspirator, done or said in furtherance of the conspiracy, during the progress thereof and before it terminates is evidence against all conspirators. *But this law does not mean that the rules of evidence are disposed with in proving the act or declaration which is to be evidence against all.*

*To permit this piece of paper to go into evidence simply because it was in Ellsworth’s handwriting was like calling Ellsworth from his grave.  
\* \* \**

To permit Helen Walkup to thus get her husband’s testimony into evidence, was like calling Walkup from his grave.

This has the approval of the judge for he mentions it in his instruction (Tr. of Record pp. 70-71), where he instructed the jury:

“This rule also applies in a case where one of the alleged conspirators had died since making such statements and because of such death is not made a defendant upon the trial of the other conspirators.”

In conclusion of this phase of this particular assignment of errors, it has been held that where, as here, the prosecuting attorney persists in putting in testimony which was erroneous, the error is fatal if the testimony was or might have been prejudicial, and the burden does not rest upon the defendant Mayola to show affirmatively that it was prejudicial. In the case of *Alkon v. U. S.*, 163 F. 810, 814, this is set forth clearly:

“We are met by the claim that there is nothing here to show that this cross-examination was prejudicial and \* \* \* as to this the burden rests on the plaintiff in error to show affirmatively that it was. This is not the rule in the federal courts. The rule there, is that when a party persists in putting in testimony which was objected to and which was erroneous, the error is fatal if the testimony was or might have been prejudicial. *Colombia Railroad Co. v. Hawthorne*, 144 U. S. 202, 207, 208, 36 L. Ed. 405. \* \* \* The judgment and verdict are set aside.”

HELEN WALKUP WAS INCOMPETENT TO TESTIFY IF HER HUSBAND WAS ALIVE, IN ANY WAY WHICH MIGHT INCRIMINATE HIM. HER TESTIMONY WAS INCRIMINATING IN THE EXTREME. ALTHOUGH HE WAS DEAD, HE WAS A CONSPIRATOR, AND WAS SO CONSIDERED BY THE COURT WHICH ALLOWED HIM TO STALK HIS WAY THROUGHOUT THE WHOLE PROCEEDINGS. FOR THIS ERROR WHICH IS COVERED UNDER INCOMPETENCY THE CASE SHOULD BE REVERSED AS AGAINST MAYOLA.

In the first place, we wish to point out that if the government so wished, they could have indicted Mrs. Walkup along with her husband. No doubt she was well aware of such a state of affairs when she so willingly testified for the government. In the case of *Dawson v. U. S.*, 10 F. (2) 106, this is set out:

“In 12 C. J. 543 it is said: ‘It has been uniformly held that as husband and wife are considered one in law they cannot be guilty of conspiracy \* \* \* But where there is another conspirator a wife may be joined with her husband in the indictment.’ ”

The case of *Moy v. U. S.*, 254 U. S. 189, 65 L. Ed. 214, is controlling:

“But a single point remains—hardly requiring mention—the refusal to permit defendant’s wife to testify in his behalf. It is conceded that she was not a competent witness for all purposes, a wife’s evidence not having been admissible at the first Judicature Act, and the relaxation of the rule \* \* \* being confined to civil cases \* \* \* *But it is said, the general rule does not apply to exclude the wife’s evidence in the present case because she was offered not ‘in behalf of her husband’, that is not to prove his innocence, but simply to contradict the testimony of particular wit-*



nesses for the government who had testified to certain matters as having transferred in her presence. *The distinction is without substance. The rule that excluded a wife from testifying for her husband is based upon her interest in the event, and applies irrespective of the kind of testimony she might give \* \* \**"

Again in *U. S. v. Knoell*, 230 F. 509, 512:

"The second question discussed is whether Rose Turetz, the wife of one of the conspirators was a competent witness \* \* \*

*The test is: Does her testimony incriminate him, either directly or by necessary implication."*

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**IT WAS GRAVE ERROR FOR THE COURT TO ADMIT A SUBSEQUENT CONFESSION OF WALKUP, AFTER HIS ARREST, WHEN IT IS SETTLED LAW THAT BOTH SUCH CONFESSIONS COULD ONLY BE USED AGAINST HIMSELF, AND HE WAS DEAD, AND MAYOLA WAS FORCED TO DO THE BEST HE COULD TO CROSS-EXAMINE A DEAD MAN BY SHOWING THAT THAT SAME DEAD MAN HAD ON A SUBSEQUENT DATE FREELY ABSOLVED HIM OF ANY CONNECTION WITH THE CONSPIRACY.**

In assignment of error X, transcript of record, page 81:

"The District Court erred in admitting the following evidence over the objection and exception of defendant Mayola: on redirect examination of the Government's witness Jarrell, the prosecutor had the witness identify two written statements (one dated June 30, 1932, and the other dated July 1, 1932), as having been signed by Mr. Walkup and as having been used by the Government in evidence before a magistrate in British

Columbia in the proceeding for the extradition of the defendant Campbell; and thereupon the prosecutor offered both statements in evidence, to which offer counsel for defendant Mayola objected as not being proper cross-examination and that the offer contained incompetent evidence. The Court overruled the objection and received both statements as one exhibit, U. S. Exhibit No. 8 and an exception was noted (Exception No. 11). The said exhibit is many pages long, and has been sent up under Rule 14.”

The incompetency of the above evidence is pointed out in *Graham v. U. S.*, 15 F. (2) 740, which case clearly expresses the settled law.

“the confessions were made by Graham and Ofallon on the day following their arrest after they had been in jail all night and not in the presence of the other defendants. The court did not at any stage instruct the jury that they constituted evidence only against the defendants making them. In this we think it erred.

“In *Morrow v. U. S.*, 11 F. (2nd) 259, this Court said: ‘The act of one conspirator in the prosecution of the enterprise and carrying out the purpose thereof is evidence against all conspirators \* \* \* yet such act must be as the Supreme Court says in *Brown v. U. S.*, 150 U. S. 93, 98 (37 L. Ed. 1010), ‘done and made while the conspiracy is pending and in furtherance of its object.’ Admissions or acts of a conspirator after the conspiracy has terminated are not admissible against a former conspirator nor are the acts of a person committed prior to the formation of the conspiracy admissible against his subsequent co-conspirator. The declarations or acts of one con-

spirator are admissible as against a co-conspirator if occurring during the pendency of the conspiracy and in furtherance of its object.

Justice Harlan in *Sparf v. U. S.*, 156 U. S. 51, 39 L. Ed. 343, says \* \* \* the rule is well settled that 'after the conspiracy has come to an end, and whether by success or failure, *the admissions of one conspirator by way of narrative of past facts are not admissible in evidence against the other*' \* \* \*

As a general rule *the arrest of co-conspirators may be said to effectively preclude any further concerted action and ordinarily puts an end to the conspiracy.* *Hauger v. U. S.*, 173 F. 54; *Sorenson v. U. S.*, 168 F. 785."

There can be no doubt but that this admission was a grave error and prejudicial to Mayola.



**THE COURT ERRED IN THE FOLLOWING INSTRUCTION  
WITHOUT QUALIFICATION. (Tr. of Record p. 72.)**

"The formation or existence of a conspiracy may be shown either by direct and positive evidence, or by circumstantial evidence. *The law does not require the Government to lay its finger on the precise method or manner in which the conspiracy of the kind here alleged was entered into, for in ninety-nine cases out of a hundred it would be impossible for the Government to make such proof. The fact of a conspiracy, therefore, must always be established by evidence more or less circumstantial.*"

The above is not a correct statement of the law. Conspiracy may be proven by circumstantial evidence,

but when such evidence is relied upon solely, or even in part, to convict, the circumstances must distinctly indicate the guilt beyond a reasonable doubt.

“Where *that proof is in whole or in part circumstantial \* \* \* the circumstances \* \* \* must so distinctly indicate the guilt \* \* \* as to leave no reasonable explanation \* \* \* which is consistent with \* \* \* innocence.* U. S. v. Lancaster, 44 F. 894, 896,” cited in *Terry v. U. S.* supra.

It is also true that where circumstantial evidence is relied upon as here to convict, then all inferences and presumptions must be critically scanned by this Court so that no miscarriage of justice results from suspicion, or presumption upon presumption, always keeping in mind that the entire case must be proved beyond a reasonable doubt.

Thus mere suspicion coupled with the fact that defendant knew of the conspiracy was held in *Marrasch v. U. S.*, 168 F. 225, 231, not to be enough:

“We are unable to find sufficient evidence to sustain the verdict against Marrasch. *There are some suspicious circumstances and facts which seem to indicate he had knowledge of the illegal nature of the transaction. But there is nothing which rises to the dignity of proof required in criminal cases. Knowledge by an alleged co-conspirator that the other defendants were attempting to defraud the United States is not enough. Mere suspicion that he was a party to the conspiracy is not enough.*”

Thus the circumstances have been required to be of a much more positive and efficient character to con-

nect the defendant with the conspiracy. In *Roukous v. U. S.*, 195 F. 353, 360, the Court goes on to say:

“The record fails to disclose anything which is not as consistent with his innocence as with his guilt unless it be the matter of his denying the meeting \* \* \* which at least is only of small significance and wholly insufficient unless connected with other *circumstances of much more positive and efficient character* to connect Adams under any rules which have ever been stated with reference to proving each of several circumstances beyond a reasonable doubt when the case is undertaken to be sustained by circumstantial evidence.

Therefore, remembering that while it is not necessary that any particular circumstance should of itself be sufficient to prove a criminal case beyond a reasonable doubt, *yet it is necessary that each circumstance offered as a part of the combination of proofs should itself be maintained beyond a reasonable doubt, and should have the efficiency* so far as it has efficiency to a greater or less range, *beyond a reasonable doubt and at least be free from the condition of being as consistent with innocence as with guilt.* \* \* \* Consequently the judgment must be reversed as to Adams.”

Thus this case adds another fact which must exist, that is the circumstances must be free from being as consistent with innocence as with guilt. Mayola's entire actions were without doubt as consistent with innocence as with guilt. Again the Court holds that the circumstances must be convincing, and not meager, and cannot wholly rest upon inference and conjecture or moral probability.

*Wolf v. U. S.*, 238 F. 902, 904:

“So far as he is concerned the evidence is *not only unconvincing but exceedingly meager* \* \* \* the case against Sam Wolf appears *to rest wholly upon inference and conjecture.* \* \* \* In other words the circumstance of which so much is sought to be made is fully consistent with honest purpose; it is absurdly inconsistent with criminal intent. \* \* \* True he was the nominal head of the concern \* \* \* and had opportunity doubtless to find out that a considerable part of the stock had disappeared. But *moral probability however shown cannot take the place of legal evidence*, and inferences which the jury may draw in a case like this *must be based upon facts which of themselves tend to establish the guilt of the accused.*

*In the face of a situation like this where suspicion is almost instinctive, we are liable to forget the nature and degree of that protection which the law affords by the presumption of innocence.* It may therefore be profitable to recall the forceful words of Mr. Justice (now Chief Justice) White in *Coffin v. U. S.*, 156 U. S. 458, 39 L. Ed. 481:

‘*Now the presumption of innocence is a conclusion drawn by the law in favor of the citizen by nature whereof, when brought to trial upon a criminal charge, he must be acquitted unless he is proven guilty.* In other words the presumption is an *instrument of proof created by the law* in favor of one accused whereby his innocence is established until sufficient evidence is introduced to overcome the proof which the law has created.’

*The ‘proof created by the law’ is not overcome by evidence merely of facts which are not plainly*

*inconsistent with innocence.* To hold otherwise is to assume, as the government contends, that because Sam Wolf came to the store now and then, he not only might have known, and ought to have known, but he must have known what his brother was doing. In our opinion the latter assumption is clearly unwarranted and it therefore results that the verdict against him rests upon plausible conjecture and not upon proof of incriminating facts. It may be true \* \* \* that Sam Wolf is the chief culprit \* \* \* that his appearance on the witness stand and manner of testifying induced the belief that he was undoubtedly guilty. But this is simply begging the question, since it is plain that opinion based upon probability is wholly insufficient to overcome the legal presumption and equally plain that a defendant is not to be convicted because the jury thinks that he looks like a criminal. \* \* \* Reversed.”

Another way of expressing it, is that if the circumstances are capable of raising two inferences, one innocent, and one guilty, Mayola must be given the benefit of the innocent inference. This was laid down as the rule in *Enziger v. U. S.*, 276 F. 905, 907:

“In all human likelihood a sale was involved somewhere in the transaction. Yet a lawful conviction for conspiracy to effect a sale cannot be had except on evidence. No evidence of sale was disclosed in the record. The nearest approach to it was the statement made by the witness Brown that *Enziger's* purpose in seeking the secretary was to pay for the liquor. It may have been. Yet this was only Brown's conclusion of *Enziger's* purpose and was nothing more than an inference from the testimony which was equally capable of

*raising an inference that the defendants were merely transporting liquor. Evidence of a sale cannot be gathered from the fact of transportation alone."*

Neither can the conclusions be questionable, or the result of carelessness, which at most creates suspicion. In *Weiner v. U. S.*, 282 F. 799, 800:

*"All the facts alleged may be true but the proof is meager, and the conclusions to be drawn therefrom questionable \* \* \**

*That Weiner placed the bag containing the opium in the hall in his home and that his son Sam informed Baker that the bag contained opium may be a part of the plan to carry out a conspiracy. On the other hand they may be simple acts of carelessness such as people innocent of any wrongdoing are constantly committing \* \* \**

*All the facts established by the evidence are in themselves lawful. At most they create suspicion only. They are not incompatible with innocence and do not exclude any other hypothesis than that of guilt. Reversed."*

The presence of defendant Mayola for a short time in the Walkup house, or his presence in the same stateroom without showing that he did or said anything either in the formation of the conspiracy or in its furtherance, cannot be sufficient to sustain this conviction. It was so held in *Brauer v. U. S.*, 299 F. 10, 14:

*"As to Boldt the only testimony implicating him in the alleged conspiracy \* \* \* was his presence there from time to time in a garage where it is alleged the defendants made distilled*



spirits. *There is nothing to show that he said or did anything either in formation of the conspiracy or in its furtherance. His presence there may or may not have been in the line of his duty. However that may be, it alone is not enough to sustain the inference of guilt.*”

These statements of law are strongly endorsed in the case of *Turinetti v. U. S.*, 2 F. (2) 15, 16, where it was said:

“We are further of the view that there was not sufficient evidence to take the case to the jury as to Azzolin. *He may be guilty, the fact and circumstances adduced arouse a suspicion of guilt, but mere suspicion is not a sufficient ground on which to convict a man of any criminal offense*  
\* \* \*

All of these facts together do not make out a case against Azzolin. *His knowledge even that the still was in Turinetti's apartment would not render him guilty under the charge here* \* \* \*  
Whenever a circumstance, relied on as evidence of criminal guilt, is susceptible of two inferences one of which is in favor of innocence, such circumstance is robbed of all probative value, *even though from the other inference guilt is fairly deducible.*”

Even assuming, for the purpose of argument, that Mayola knew that Walkup was making counterfeit money, which he denied upon the stand, the above language holds that such knowledge does not *ipso facto* make him guilty of conspiracy. In *Edwards v. U. S.*, 7 F. (2) 357, 360 it was held that the Court must be satisfied as to the guilt of defendant:

“There are suspicious circumstances appearing in the record \* \* \*

From a careful consideration of this record *we are not satisfied as to the guilt* of the defendant. *We are satisfied, however, that all of the circumstances taken together as disclosed by the record are as consistent with innocence as with guilt.* Consequently the government did not prove a case of guilt beyond a reasonable doubt. The evidence was insufficient to support the verdict.”

The *corpus delicti*—in this case the agreement to conspire and the overt act—must be proven and cannot be presumed. This is brought out clearly in *Wagner v. U. S.*, 8 F. (2) 581, 586:

“It is elementary that the *corpus delicti*—in this case the possession of the strip stamps—*must be proven and cannot be presumed.* It may be proven however by circumstantial evidence. The fact relied upon to prove the possession is the statement of defendant he wanted his liquor back. The argument is that it must be presumed that the liquor referred \* \* \* was the liquor which had been seized \* \* \* That being presumed, it must next be presumed that defendant owned the liquor; the next step is the presumption that he had possession of the liquor; the next step is the presumption that he possessed a trunk in which the liquor was found, and the contents thereof including the counterfeit strip stamps. By this course of reasoning the conclusion is sought to be drawn that defendant had possession of the counterfeit strip stamps with intent to defraud \* \* \* We think the course of reasoning is faulty. *It is well established that the basis of a presumption must be a fact, and that one pre-*

*sumption cannot be the basis of another presumption. (Citing cases.)”*

Thus acquaintance linked with suspicious circumstances has been held to be insufficient. In *Coleman v. U. S.*, 11 F. (2) 601:

“Coleman was a resident of Cincinnati. He had formerly lived at Owenton \* \* \* At Owenton local officers found in the office of a livery stable under a stairway 42 bottles of whiskey which had been brought to Owenton and stored in the office by Harcourt. The evidence against Coleman was that he was seen cranking a Ford car that had stalled in front of the stable, and presumably had been used for bringing the whiskey to Owenton; earlier in the day he had asked an employee of another livery stable in Owenton to store some glassware; he signed Harcourt’s bond \* \* \* and was seen during the day with Hammond, another defendant, who was convicted.

It appeared that Coleman had started from Cincinnati for Owenton with some members of his family in a Ford car the day before as he says for the purpose of seeing others of his family who resided at the latter place \* \* \* *These facts with such inferences as may be drawn from his acquaintance with Harcourt constituted the evidence upon which the conviction was based. In our opinion it was not sufficient to submit the case to the jury. Reversed.”*

And again in *Chin Wah v. U. S.*, 13 F. (2) 530, 532, the Court held:

“On the other hand though Look Hoo’s part is suspicious, we are disposed to think that the

case breaks down as to him. It appears to us *nearly as likely that he had no part in the conspiracy as that he did.*"

In *Niederluecke v. U. S.*, 21 F. (2) 511, it was held: "But these *presumptions are too violent and irrational to sustain a conviction of a serious offense*, and the permissible basis of a presumption must be a fact, and one presumption may not be the basis of another presumption."

Again, circumstances tending to rouse grave suspicion are held to be insufficient to convict of crime. In *Gerson v. U. S.*, 25 Fed. 2nd 49, 56, it was said:

"Proof of a definite plan or formal agreement between conspirators can seldom be shown by direct evidence. Such proof is not necessary. In fact, conspiracy is generally shown by circumstantial evidence \* \* \*. *The burden of proof was upon the government to show facts and circumstances in the proof of the alleged conspiracy which excluded every other hypothesis than that of guilt.* In a recent case, *Van Gorder v. U. S.* 21 F. (2) 939, 942, this Court said:

*'In order to sustain conviction of a crime on circumstantial evidence it must be such as to exclude every reasonable hypothesis but that of the guilt of the accused. The facts proved, must all be consistent with and point to his guilt only and inconsistent with his innocence'*  
\* \* \*

mere suspicion is not sufficient on which to base a conviction. \* \* \* As far as the record goes, therefore there is no evidence to show a conspiracy to buy large quantities of merchandise as charged. \* \* \* It is no answer to this to say

that probably the indebtedness shown was for merchandise. *This may be so, but this is a criminal case, where men's liberty is at stake, and while natural inferences can be drawn from circumstances, such inferences cannot be substituted for circumstances. That the case is full of circumstances more or less suspicious may be conceded.* The failure to keep books, the securing of \$50. bills, and the carrying of some of them by Ike Gerson in his shoes, the bank account in the name of Clara Gerson by Phillip Gerson, the various bank accounts in different places during the time of sales, the moving of stock of goods from one place to another, the manner of buying the automobile and giving the chattel mortgage thereon, the relationship of the parties \* \* \* are *circumstances tending to rouse grave suspicion as to the entire transaction. But suspicion is not sufficient to convict of crime.*

*A calm, candid and careful consideration of the record in this case (whatever may be the inferences arise in the mind from the numerous complicated and suspicious circumstances and the relationship of the parties) must we think convince \* \* \* that the government failed to prove conspiracy as charged. \* \* \* The circumstances shown are not such as to exclude every reasonable hypothesis but that of the guilt of the accused, nor are they less compatible with innocence than with guilt. Reversed."*

Where the explanation by Mayola of the suspicious circumstances is entirely consistent with innocence the conviction should be reversed. This was held to be law in *Tinsley v. U. S.*, 43 F. (2) 890, 893, where it was said:

“Even though no motion was made by Tinsley for an instructed verdict, as the evidence was insufficient to sustain the conspiracy count we are compelled to hold that his conviction on that count cannot stand. \* \* \*

While the evidence of Reed’s *conversation with Kelly unexplained gives rise to some suspicion, his explanation of it is entirely consistent with innocence.* \* \* \* The evidence in this record as to Reed with the addition of the proffered testimony of Mrs. Tinsley is as consistent with innocence as with guilt, *and even without the explanation of the Kelly transaction by Mrs. Tinsley we should doubt if the evidence is sufficient.* It is a well established rule of this court that if the *evidence in a criminal case as a whole is as consistent with innocence as with guilt, conviction should not be sustained.*”

This was followed in *Graceffo v. U. S.*, 46 F. (2) 852:

“The only evidence against him (Graceffo) was his mere presence on the premises at this particular time. No one ever saw him there before and no incriminating evidence was found on him or in his possession. In explanation to the officers how he happened to be there, Graceffo said he came to Reading the night before and went to the distillery to see one of the defendants. This testimony stands without contradiction or impeachment.

The evidence is insufficient to sustain the judgment. There must ordinarily be something more than the mere presence of a person at a distillery at a particular time to justify an inference of guilt. *If any substantial evidence existed* \* \* \*

*it is reasonable to infer that the prohibition agents would have produced it. But none was produced and we are left to suspicion only. The evidence \* \* \* in connection with his explanation is as consistent with innocence as with guilt. It has been held by a long line of decisions that unless there is substantial evidence of facts which exclude every other hypothesis than guilt \* \* \* and where all the evidence is as consistent with innocence as with guilt, it is the duty \* \* \* of the appellate court to reverse. \* \* \**

A well considered case and one in which the circumstances can be well said to be very much like the instant case, is *Dahly v. U. S.*, 50 F. 2nd, 37, 42:

“The gist of the offense is conspiracy, that is the agreement. \* \* \*

The overt act must be one independent of the conspiracy or agreement. It must not be one of a series of acts constituting the agreement or conspiracy together. It must be a subsequent independent act following the complete agreement or conspiracy and done to carry into effect the object of the conspiracy. \* \* \*

*Proof of the overt acts may or may not be sufficient to prove the conspiracy. This will depend upon \* \* \* whether they are of such a character separately or collectively that they are clearly referable to a preagreement or conspiracy of the actors. \* \* \**

Circumstantial evidence is equally available with direct evidence to prove the conspiracy, *but suspicion, or conjecture cannot take the place of evidence.* Guilt must be established beyond a reasonable doubt, and, where the evidence is con-

sistent with innocence as with guilt no conviction can properly be had. *Even participation in the offense which is the object of the conspiracy does not necessarily prove the participant guilty of conspiracy. The evidence must convince that the defendant did something other than participate in the offense which is the object of the conspiracy. There must in addition thereto be proof of the unlawful agreement, and participation therein with knowledge of the agreement.*

Presumption cannot be based upon another presumption, but only upon facts. \* \* \*

There may be a subsequent joining, but a person to be held as subsequently joining a conspiracy must be shown to have *had knowledge of the conspiracy at the time of joining and to have participated while having such knowledge.* \* \* \*

The three men \* \* \* were government officials. \* \* \* *There was nothing unusual or suspicious that they should call upon each other if they were in the same city. Here again it requires a piling of presumption upon presumption to connect the St. Paul meeting with the conspiracy charged.* \* \* \* Our conclusion is that the evidence by which it is sought to connect Beaton with the conspiracy charged, *even if a conspiracy existed, cannot be considered as substantial, at most it amounts to a slender suspicion.*

The evidence \* \* \* against Dahly \* \* \* *is also entirely circumstantial.* The matters relied upon by the government are the alleged introduction by Dahly of Smith to Hoban, the statement of Dahly therewith, the trip to Washington by Hoban and the telegram sent by him to Dahly, the meeting of Dahly Beaton and Hoban at



St. Paul, the trip by Dahly to California and the use by him of an assumed name in connection therewith; the letter written by Dahly from California to Hoban. \* \* \*

It must be conceded that *if full credence is given to the testimony of Smith, these matters at least form suspicious circumstances. Whether such evidence should be given credence \* \* \* may be open to grave doubt. \* \* \** Without intrenching upon the general rule that Appellate Courts will not usually weigh the evidence, yet on account of the foregoing considerations and in view of the exceptional facts of this case, we are of the opinion that the testimony of Smith \* \* \* cannot be held to be substantial in any true sense of that word, 17 C. J. Secs. 3594-3596. \* \* \*

*But even giving full credence to his testimony, yet the suspicious circumstances thus raised, fall far short of being substantial evidence of the conspiracy charged and of Dahly's connection therewith. \* \* \**

As to the trip to Washington there is no direct evidence that this was made at the direction of Dahly. \* \* \* Prior to this time Hoban had expressed an intention of going to Washington. \* \* \* *It seems quite as probable therefore that Hoban made the trip for his own purpose and conceived the idea of making Smith pay him money under the belief that the trip was in his behalf.*

Whatever may be thought of the acts of Hoban, the case against the two appellants on the charge of conspiracy appears to us to consist almost entirely of conjecture, suspicion, presump-

*tion and misinterpretation of acts and statements of the two appellants. The evidence shows that up to the time of this charge against them, Beaton and Dahly had both borne excellent reputations in the community in which they lived. Reversed."*

In *Booth v. U. S.*, 57 F. 2nd 192, 200, in a dissenting opinion (Lewis, J. dissenting):

*"Where an incriminating fact is sought to be established by circumstantial proof, that proof to be sufficient for the intended purpose must exclude every other reasonable hypothesis than that of the existence of the incriminating fact. I think there was no such proof in this case. There is another established principle in criminal law—when two inferences are each reasonably deducible from proof one against a defendant and the other in his favor, the latter must be accepted. \* \* \*"*

The real reason why the circumstantial evidence against Mayola must be critically and carefully scrutinized is best set forth in the following case.

*Sullivan v. U. S.*, 283 F. 865, 867:

*"But it was essential to Sullivan's lawful conviction that there should be proof beyond a reasonable doubt that he knowingly and unlawfully used the Harrison form to procure and that by means thereof he did procure the express package of drugs. The burden was upon the government to make the proof. There was a legal presumption that Sullivan was innocent of this charge until he was proven to be guilty thereof beyond a reasonable doubt. There was no direct evidence. \* \* \* All of the evidence \* \* \* was circumstantial. \* \* \* There was no substantial evi-*

dence to sustain the verdict. \* \* \* When the record is *carefully read and deliberately considered, it leaves no doubt that the only real basis for the verdict and judgment, the indictment and prosecution of this case was suspicion.* \* \* \* An addict on the platform of a railroad station anxious to get morphine for his own use picks up an express package \* \* \* an officer arrests him. \* \* \* They then suspect this poor addict stole the order, committed the forgery, bought the draft and used the order to have the package of drugs sent. \* \* \* And then their imaginations and suspicions take fire and they seem to see that this addict is a retail dealer, is a wholesale dealer in narcotics, and they indict him and compel him to stand trial. \* \* \* And this vast fabric of suspicion and imagination rests upon the simple fact that the defendant picked up a small express package, walked a few steps. \* \* \* ‘Behold what a great matter a little fire kindleth.’ Fortunately the law sternly forbids the conviction of the accused upon suspicion. The defendant ought never to have been indicted or prosecuted upon the evidence in the case. \* \* \*”

*United States v. Southern California etc.*, 7  
F. 2nd 944, 946:

“True it is that conspirators work secretly and under cover to effect their purpose but *it is not a fair rule which would declare that under every charge of conspiracy the evidence in defense must be viewed with suspicion and distrust.*”

Thus we submit that the above instruction of the judge misled the jury to think that circumstantial evidence was the only way the government could con-

vict of conspiracy, and without any qualification of such charge, the jury was led to believe that such evidence was the best evidence, and did not need to be scrutinized or to be required to bear a heavier burden in order to convict than direct evidence. This was certainly prejudicial when combined with the other errors in this case.

While it is outside the record, the newspapers both in New York, San Francisco and Colombia teemed with statements by Captain Foster, government agent, that Mayola was going to start a huge revolution in Colombia by means of this counterfeit money. These facts which were not even brought before the Court, were most fanciful and illusionary, as Mr. Mayola was and is connected both socially and politically with the party in power at the time. But as the Court said, "imagination and suspicions take fire, and build a vast fabric of suspicion and imagination", resting on the simple fact that Mayola loaned \$500.00 to a next door neighbor who was about to be evicted from his house, and whose children were ill fed. But the law while just, is stern, and will not allow any such suspicion to convict one of crime, and thus blast a life lived for 61 years in the highest esteem.

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**THERE IS NOT SUFFICIENT EVIDENCE IN THE RECORD TO SHOW BEYOND A REASONABLE DOUBT THAT MAYOLA HAD A UNITY OF PURPOSE, COMMON DESIGN, AND UNDERSTANDING WITH THE ALLEGED CONSPIRATORS.**

The gist of conspiracy is the meeting of the minds, in the same contractual sense as a partnership. If

there was no meeting of minds, then there can be no conspiracy. In the instant case, the government never attempted to prove nor is there any evidence in support of a meeting of the minds of Mayola and Walkup. Neither was there any conduct which corroborated such an inference. For Mayola bought a ticket to New York, tended to his mining business in Panama, went on to New York and was in conference with his partner there and other persons like Mr. Bonbright. What might have gone on in the same house in another room cannot be placed by the government at Mr. Mayola's door. Neither can what happened in the home of Walkup next door incriminate Mayola. For how many of us know how our neighbor lives, or what goes on under his roof, particularly in a big city like San Francisco?

As was said in *U. S. v. Hirsch*, 100 U. S. 34, 25 L. Ed. 539:

“The gravamen of the offense here is conspiracy. For this there must be more than one person engaged \* \* \* *the combination of minds in an unlawful purpose* is the foundation of the offense, and that a party who did not join in the previous conspiracy cannot under this section be convicted on the overt act.”

Again, in *Sprague v. Adenholt*, 45 F. (2) 790:

“The gist of conspiracy is the meeting of minds for a definite criminal purpose, ripened by the doing of some overt act.”

There was no close association, other than a trip in the same stateroom, which Mayola testified was open

to the public, and when taken by Walkup he shrugged his shoulders in true Spanish style and said to himself *Quien Sabe*. And from the testimony of Armstrong and others, it can be seen that Walkup was just such an arbitrary person with one idea in his head. When he had involved the only man who had befriended himself and family, and gained nothing by it, he committed suicide.

In the case of *Dow v. U. S.*, 21 F. (2d) 816, it is said:

“We conclude that Court should have directed an acquittal. *The evidence failed to disclose close association of defendants prior to McWilliams’ visit to the Dow farm or that there was any combination or arrangement of any kind entered into between defendants before the time of their arrest.* \* \* \* But in the absence of evidence to warrant the inference *that there was a common purpose between these two men and that McWilliams was executing the purpose there could be no verdict of guilty of conspiracy.*”

Surely in this case, if there had been any common understanding of a conspiracy to issue counterfeit money in Colombia there would have been some correspondence between Walkup and Ibanez, or Mayola. And yet the only evidence in this regard is the fact that immediately on Walkup’s return, he went to the San Francisco agency of International Harvester Company requesting information on the refrigeration of milk be sent to Ibanez in Panama. Mrs. Walkup testified that he visited Ibanez’ farm, and sent for this literature to fool everyone. Isn’t it a fact that, as testified to by Mayola, Walkup did fool him also?

In the case of *Tinsley v. U. S.*, 43 F. (2) 890, 892, the Court carefully analyzes the insufficiency of a case much like Mayola's:

“In *Graham v. U. S.*, 15 F. (2d) 740, 742, this Court discusses the sufficiency of evidence to show conspiracy, and points out that conspiracy is a distinct offense from the crime which may be the object of the conspiracy and stated that, ‘there must be shown to be a combination or understanding tacit or otherwise to violate the Federal Statute’. *It was held the evidence was not sufficient to show a conspiracy although one or more of the defendants were guilty of overt acts, but that two or more did not conspire to commit them. In a conspiracy there must be some unity of purpose, some common design and understanding, some meeting of minds in an unlawful arrangement, and then to make the conspiracy a crime, the doing of some overt act to effect its object. A person does not become a part of a conspiracy by knowledge that another is about to commit a crime, or necessarily by an acquiescence in the crime. There may be certain connections of defendants with transactions claimed to be criminal which would come under the reference of Justice Holmes in U. S. v. Holte, 236 U. S. 140, 59 L. Ed. 504, to-wit, a ‘degree of cooperation that would not amount to a crime’. Such degree of cooperation might be approval, or even encouragement, inactive acquiescence, and other matters which did not enter into the real plan or design of the alleged conspirators. \* \* \**

*The enterprise seems to be a one man affair established by Tinsely and carried on by him with the aid of other parties \* \* \* the evidence does not show any mutual understanding or plan \* \* \**

*nor that the minds of these parties met understandingly to carry out a deliberate agreement to commit the larcenies charged. \* \* \**

Again, in the case of *Ventimiglio v. U. S.*, 61 F. (2d) 619, 620, it was so held:

“We think that this evidence is too unsubstantial to sustain the verdict. *The gravamen of the indictment is the alleged conspiracy between Yollo, Morelli, Gallagher, and appellant to violate the statutes in question. The proof fails to establish any common design between the alleged conspirators. There is no direct evidence of it, and we do not think that the circumstances justify an inference that it existed \* \* \** it does not appear that appellant either acted in concert with them or knew of their unlawful purposes. \* \* \* Reversed.”

*Patterson v. U. S.*, 222 F. 599, 631, sums it up briefly:

“*It is not sufficient to connect any officer or agent of the National Company with the conspiracy that they knew of it, or acquiesced in it. They must by word or deed have become a party to it.*”

Mere presence of Mayola in a stateroom, or in a house without showing beyond a reasonable doubt a preconcert of plan, cannot be the basis for a criminal conviction. As was said in *Green v. U. S.*, 8 F. (2) 140, 141:

“Conspiracy may be established by proof of concert of action in the commission of the illegal act, or other facts and circumstances, from which the natural inference arises that the unlawful overt act was in furtherance of a common design,



intent or purpose of the alleged conspirators (Williams v. U. S., 3 F. (2) 933) *yet the facts proven must be of such a character that in connection with all explanations given the jury could rightly think them inconsistent with innocence.*

*Green was not present at the time Mrs. Green and Cohn were arrested. No witness testified that Green had entered into a conspiracy \* \* \* and no oral evidence was offered \* \* \* tending to establish concert of action or other facts and circumstances, from which such natural inference might be drawn other than that he was the husband of Mrs. Green and the owner of the automobile in which the intoxicating liquor was transported. It follows that the conclusion that Green authorized the use of his automobile by Cohn that evening for any purpose is a mere conjecture, not sustained by any substantial evidence, and hence cannot be accepted as a fact proven in the case from which the further inference may be drawn that the automobile was furnished by Green in furtherance of a conspiracy, or the knowledge, that it was to be used for the unlawful transportation of intoxicating liquor. \* \* \**

The conclusion that Green was not a party to the conspiracy \* \* \* materially affects the natural inferences to be drawn from the facts actually proven as to Mrs. Green. *There is no proof substantially tending to show a preconcert of plan with Cohn constituting participation in the conspiracy so that the liquor in the automobile was at any time in her possession. Possession connotes control, and transportation presupposes possession. Supplying means of transportation may constitute participation therein, but mere presence in the automobile (the only fact shown*

as to Mrs. Green) *we do not think is such a substantial circumstance, under all the facts of this specific case as could reasonably be considered as overcoming the presumption of innocence.* Nor is it shown that Mrs. Green overturned the jug in the automobile. In order to *predicate guilty knowledge by Mrs. Green upon this additional circumstance, and thus to infer participation by her, such circumstance must be proved, and not be mere conjecture unsupported by substantial evidence.*”

Even if we go so far as to assume for the purpose of argument that Mayola knew that Walkup had these notes on his person and did not have him arrested, there could be no conspiracy without the unlawful agreement. This is held in *Di Bonaventura v. U. S.*, 15 F. (2d) 494:

“The Court. If these things alleged, still, mash, barrels and so forth, went into his property with his knowledge and consent he is an accessory to the crime of conspiracy, is what I mean to say. \* \* \*

*A landlord is not necessarily guilty of conspiracy to violate the Prohibition Act merely because he had knowledge that liquor is being manufactured on his premises and does not stop it. The gist of the crime of conspiracy is the unlawful agreement.* Conspiracy exists whenever there is a combination, agreement or understanding, tacit or otherwise, between two or more persons for the purpose of committing unlawful act. \* \* \* The conspiracy to commit the crime is an entirely different offense from the crime which is the object of the conspiracy. \* \* \* Reversed.”

This is strongly endorsed in *La Rosa v. U. S.*, 15 F. (2d) 479, where the Court said:

“The vital point was, had La Rosa and Fazalare entered into a conspiracy to transport or possess liquor. \* \* \* *We find no evidence that Fazalare had conspired with anybody to do anything. There is nothing to indicate that La Rosa had any understanding with Martin and Belman other than that he would buy the whiskey from them and that he would show them how to get to his garage. \* \* \* If it does \* \* \* seemingly any one who agrees to buy liquor from a bootlegger and tells him how to get to his back door with it commits an offense punishable by imprisonment in the penitentiary for as much as two years, and by a fine of \$10,000.*

Be that as it may, the statement of the learned judge, \* \* \* he was ‘convinced beyond any doubt’ that the delivery ‘was made to La Rosa and Fazalare by Martin and Belman pursuant to an agreement or understanding’ \* \* \*.

*It does not appear that there was any legally sufficient evidence that Fazalare had entered into any conspiracy whatever and we cannot resist the conclusion that under all the circumstances La Rosa was also unduly prejudiced by the sweeping language that came from the Bench. \* \* \* Reversed.”*

Another case in point, where the defendant was riding in the same car, rather than in a stateroom, is *Hanning v. U. S.*, 21 F. (2d) 508:

“She testified \* \* \* she was waiting \* \* \* for a street car \* \* \* when Hanning came along driving a Ford sedan and made her get in. \* \* \* After

she was in the car and they had traveled some distance, Schmidt, a Federal agent, chased them. \* \* \* Hanning took two jugs of moonshine whiskey out of a gunny sack and broke them out of the window of the car in which she was sitting \* \* \* at the time she accepted his invitation and got into the car she did not know there was any whiskey in the car.

The only question was whether Mrs. Vinciguerra had conspired with Hanning to transport this \* \* \* whiskey. *The presumption was that she had not. She testified that she did not conspire and did not know he had any whiskey in his car when he invited her to get in.*

*The fact that Mrs. Vinciguerra accepted Hanning's invitation to ride in his car when there was whiskey in it was insufficient to prove either that she knew there was whiskey in it, much less that she had conspired with Hanning to transport it.* U. S. v. Jianole, 299 F. 496; Stafford v. U. S., 300 F. 540; Coffin v. U. S., 156 U. S. 432, 38 L. Ed. 481.

*The burden was upon the United States to prove beyond a reasonable doubt that Mrs. Vinciguerra conspired with Mr. Hanning to transport this whiskey. The legal presumption was that she did not so conspire. When all the substantial evidence is as consistent with innocence as with guilt it is the duty of the Appellate Court to reverse a judgment of conviction.* Vernon v. U. S., 146 F. 121, 123, 124; Wright v. U. S., 227 F. 855, 857; Edwards v. U. S., 7 F. (2d) 357, 360; Siden v. U. S., 9 F. (2d) 241, 244; Ridenour v. U. S., 14 F. (2d) 888, 893.

*The relevant and substantial evidence in this case is not only as consistent, but much more con-*

*sistent with the innocence than with the guilt of the defendant Mrs. Vinciguerra of the conspiracy and as Hanning could not conspire alone each of the judgments must be reversed."*

*Dickerson v. U. S.*, 18 F. (2) 887, 892, clearly pointed out:

"The claim made by the government that the plaintiffs in error were present when the car of alcohol came in from Peoria and was unloaded, was not borne out by the evidence. While Kelso the witness at first so stated, he afterwards changed his testimony and said as he was mistaken. *The testimony of Kelso is very weak but assuming it to be true we do not think it is sufficient to charge the plaintiffs in error with knowledge of the conspiracy. The record shows very clearly that the plaintiff in error had never taken any part in the general conspiracy or scheme and never knew of its existence, never participated in the profits, or took any part in it in any manner,* unless it can be inferred from the mere fact that at the time that the alcohol was delivered to them some days after they had paid for it, they acquired knowledge that the alcohol had been shipped from Peoria. There is the further fact that they purchased a large quantity of alcohol from one or more of the conspirators. The evidence introduced by the government shows clearly neither Hunnell nor Chapman nor any of those who had to do with selling the liquor to the plaintiffs in error, gave them any information whatever concerning the conspiracy or even as to where the liquor had come from \* \* \*

It will be further observed that Chapman was not in on the deal at all until after Hunnell and

Schaller had been unable to dispose of the product \* \* \*

*The government is here contending, as it must contend, if it claims conspiracy, that these plaintiffs in error had entered into an agreement and understanding with some of the conspirators either before or after the alleged alcohol had been shipped, to transfer, possess and dispose of this alcohol \* \* \**

We think the most that can be said of this testimony is that *it creates some suspicion, it gives rise to an inference that the plaintiffs in error might have had some knowledge of the conspiracy at the time they purchased the liquor from one or another of the conspirators. Assuming that if they did have such knowledge that would be sufficient to connect them with the conspiracy, but not so deciding, we think the evidence is not sufficient to involve the plaintiffs in error in the conspiracy. The inference that the plaintiffs in error had guilty knowledge and participation drawn from the evidence \* \* \* is also consistent with the innocence of the accused \* \* \**

*Whenever a circumstance relied on as evidence of criminal guilt is susceptible of two inferences, one of which is in favor of innocence, such circumstance is robbed of all probative value, even though from the other inference guilt may be fairly deducible.*

To warrant a conviction for conspiracy to violate a criminal statute, *the evidence must disclose something further than participating in the offense which is the object of the conspiracy; there must be proof of unlawful agreement, either express or implied, and participation with knowledge of the agreement.*

The mere fact that plaintiff in error purchased liquor from the conspirators is not sufficient to establish their guilt as conspirators. The purchaser may be perfectly innocent of any participation in the conspiracy which is not to be confused with the acts done to effect the object of the conspiracy \* \* \*

*There are no facts in the record that dovetail and fit together so that a conclusion could be drawn that there was an understanding between the plaintiffs in error and those persons who entered in the scheme, other than the mere purchase \* \* \* Merely as a buyer he would not be a party to the conspiracy in any criminal sense. \* \* \* Reversed."*

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ANY INFERENCE THAT DEFENDANT MAYOLA HAD KNOWLEDGE OF THE CONSPIRACY IS CONTROVERTED BY HIS DENIAL OF SUCH KNOWLEDGE. SUCH INFERENCE DEPENDING SOLELY UPON SUSPICIOUS CIRCUMSTANCES, THUS CONTROVERTED BY HIM AND CORROBORATED BY HIS ACTIONS BOTH PRIOR AND SUBSEQUENT THERETO, IS INSUFFICIENT TO SUPPORT THIS CRIMINAL CONVICTION.

We submit that the relevant evidence that Mayola had knowledge of this conspiracy is not sufficient to support his conviction on this count. This is supported by the case of *Sparks v. U. S.*, 241 F. 777, 788, where it was said:

“Inferences of guilt must be based upon facts tending to show it; even a moral probability cannot take the place of legal evidence \* \* \* that *he knew* \* \* \* is a matter of inference only as against his denial of such knowledge \* \* \* The evidence could tend to support a finding he

knew of the imminent danger of insolvency and the record is susceptible of an inference that he knew of the cashier's efforts to make a good showing, especially at statement time, and *at least he suspected* and perhaps *tacitly approved* the nature of the statement and the efforts \* \* \* There were however many facts and circumstances which militated in favor of his innocence \* \* \*"

This case is again strongly supported by *Linde v. U. S.*, 13 F. (2) 59, 61:

"With respect to Linde and Brown \* \* \* *A careful consideration of the entire record convinces us that it fails to disclose any further connection with the scheme, although the existence of such a scheme and plan is abundantly established, than the receipt of a car by each of these defendants for personal use, and without proof of the knowledge of the interstate character of the transaction. There are a number of circumstances which would lead to the suspicion that both Linde and Brown knew that the cars sold or traded to them were stolen cars, but it does not appear that they knew whence they came or were to come, nor that they were parties to any general plan or conspiracy having as its object the introduction of such cars from without the State for disposition and sale.*

*That they may have had guilty knowledge and participation rests upon suspicion only, arising from their acquaintance and association with some or all of the other conspirators; but to establish a conspiracy to violate a criminal statute, the evidence must convey that the defendants did something other than participate in a substantive offense which is the object of the conspiracy. There*



*must, in addition thereto, be proof of unlawful agreement and in this case that proof was insufficient."*

In *Lewis v. U. S.*, 11 F. (2) 745, the Court said:

"It does not appear that he knew his name had been used in chartering the boat or that he had the remotest interest in it, and in our opinion the evidence was not sufficient to submit the case against him to the jury."

Again a jury is held sternly within the law in the case of *Burkhardt v. U. S.*, 13 F. (2) 841, 842:

"Burkhardt was the Sheriff of the County, having a Deputy Rollins who protected Worden in transporting the liquor \* \* \* Rollins was arrested. Burkhardt heard of it, but it does not appear that he knew or was informed that Worden was connected with it \* \* \*

Burkhardt was not charged with the duty of enforcing the laws of the Federal Government, but it was his duty as a County officer to prevent the unlawful transportation of liquor through Williams County. Mere failure to perform that duty did not, however make him a participant in a conspiracy to violate the National Prohibition Act *unless he purposely refrained from enforcing it, with full knowledge of Worden's business and with the view of protecting and aiding it in which event his inaction would warrant the inference of participation therein in accordance with a common understanding.* It may be conceded that if Burkhardt had been vigilant, he could have intercepted Worden on one of his numerous trips and stopped the traffic. But *lack of vigilance, as we have seen is not enough; there*

*must also be proof of knowledge of the facts, coupled with an intention to aid in the unlawful act by refraining from doing that which he was in duty bound to do. These essential elements cannot be inferred from inaction alone \* \* \* nor are they to be drawn from occurrences \* \* \** The argument as to all of them assumes that Burkhardt knew Worden's business—an unjustifiable conclusion unless reflected in the acts themselves. Other facts opposed the implication. Burkhardt met Worden for the first time \* \* \* did not see him again and was neither promised nor given any reward for suffering the illicit traffic.

*“The government's case creates at most a suspicion against Burkhardt. In view of its effect the Court should have directed a verdict of not guilty as to him, and in thus stating its maximum effect we are not depending upon our own inference and conclusions but upon that view which we think it was the legal duty for the jury to take. \* \* \* Reversed.”*

In the following case, the Appellate Court takes into consideration the fact that defendant as here took the stand and denied any criminal knowledge or association, and as here such evidence was corroborated by his actions as a mining man, both prior to and subsequent to the alleged overt act.

*Bartkus v. U. S.*, 21 F. (2) 425:

“The most that can be said of the evidence relating to occurrences before the Company became bankrupt is that it shows that some time before the bankruptcy some merchandise which had been purchased by, and therefore was at

the time owned by the bankrupt found its way into the possession of Kelp, Nevar and Dronsuth \* \* \* that (they) were brothers in law of Bartkus, that they were engaged in the same business as (he), that their place of business was about a mile from his, while the garage in which the merchandise was found was three or four miles away and that \* \* \* Bartkus had informed them that the Bridgeport Company was in need of money.

*These are the suspicious circumstances relied upon by the government's counsel.*

*The fact that some merchandise found its way into the possession of Kelps et al even under the suspicious circumstances mentioned does not go far to establish that they conspired with Bartkus to commit the crime. The record shows that the merchandise which found its way into this garage was not of large amount or value.*

*Though we may not weigh the evidence we deem it proper to say that it appears from the record that Kelps et al took the witness stand themselves and gave testimony, which if true, disposes of the incriminating circumstances urged against them. Their testimony was corroborated and was not contradicted. \* \* \* Reversed."*

While Courts uniformly hold that it is a delicate judicial function to supervise and if need be set aside the finding of a jury, where the evidence is insufficient, as in this case, no hesitancy is felt, for the Appellate Court is the last resort of the accused wherein his constitutional rights can be protected. And such action is fundamental for our forefathers

could see that this was the very reason for the setting up of our present appellate judiciary. In the case of *United States v. Cohn*, 128 F. 615, 618, the Court pointed out:

“It remains to point out with some particularity the reasons for the decision that the evidence concerning Cohn was insufficient to justify the verdict against him. *It is a delicate judicial function to supervise, and, if need be, set aside the finding of a jury of such marked intelligence and unabated attention as the jurors in the case possessed and observed. But not even a proper concern for governmental interest, or the public welfare, or for a sturdy enforcement of the law, warrants the maintenance of a verdict that is unsupported by sufficient evidence of guilty connection with the crime charged.* It is not a mere connection with the business of the importing firm involved nor relation to some acts that the law required to be done in the course of passing goods through the customs house, that is demanded. Such connection must exist and such relation \* \* \* must arise even if the importations were legitimate. *It must inevitably appear that such connection was used or such relation assumed for the purpose of subserving the conspiracy.* \* \* \*

The question now arises whether the mere fact that Cohn made such entries of itself is any evidence of his guilty connection with the fraudulent scheme. Had these entries been made by a partner in charge of the purchasing department or \* \* \* connected with the importations \* \* \* the fact would have been strong supplemental evidence of guilty participation.

\* \* \* There is no specific evidence as regards Cohn, nor does it appear that he was in a position where he would be likely to obtain such knowledge. *Therefore the fact that his name appears upon the entries is quite as consistent with his innocence as with his guilt. But when the circumstances under which he signed the entries are taken under consideration there is no ground for holding that the mere fact of signing the entries showed that he was a participant in the fraud of which they were a part.* \* \* \*

Taking into consideration the large extent of the business, its widespread transaction, the supreme power which Rosenthal exercised over it, the necessary division of business in departments \* \* \* so totally divorced and unrelated \* \* \* the fact that he was a new member of the firm \* \* \* for only six months and presumably had not yet had his first accounting with Rosenthal, *it is thought that a verdict that he must have been conscious of the existing frauds and favorable results to the firm was not justifiable.* \* \* \*

While therefore all this *class of evidence might create suspicion of knowledge* on the part of Cohn, of which he availed himself as a member of the firm \* \* \* *looking at it as strictly legal evidence that it is not sufficient to connect Cohn with the conspiracy, so that it can be said beyond a reasonable doubt that he is guilty.*

The evidence shows that Cohn had no specific connection with a single act, fact or circumstance relating to the purchase, invoicing, shipping or importation of the goods \* \* \* that after their arrival his sole relation to them was that he made

entries; *that his brief connection \* \* \* and relative duties \* \* \* do not justify an inference that he obtained knowledge of the fraud.*”

There is no doubt that in this case, trying Mayola together with a confessed criminal, and constantly bringing another confessed criminal before the jury, the latter having the most fanciful ideas from time to time, as related by Dinely, such complicated testimony was apt to become a confused jumble as to Mayola, and all this irrelevant testimony left the impression upon them that Mayola was guilty of something, with little reference to conspiracy. This was said in the following case, in which the number of persons tried for conspiracy was largely in excess of the instant case, but we submit it applies with equal force. In *Marcante v. U. S.*, 49 F. (2) 156, 158:

“We cannot find any evidence that the appellants *knew* of any such general conspiracy. \* \* \* *Nor can we find any circumstances from which a jury might legitimately find that Marcante or Bell had any other purpose in mind than that of carrying on their own individual operations. \* \* \* It is extremely difficult for an experienced judge to trace the skeins of scattered testimony to so many individuals, with inexperienced jurors, such complicated testimony is apt to become but a confused jumble, and a verdict too apt to represent an impression that the defendants are guilty of something, with little reference to the crime with which they are charged. \* \* \**”

THERE IS NO EVIDENCE SHOWING THAT MAYOLA HAD A WRONGFUL OR UNLAWFUL INTENT, WHICH IS AN ESSENTIAL ELEMENT TO SUPPORT HIS CONVICTION.

There must be intent to commit a crime. This is elementary in the study of criminal law, and such intent must be proved beyond a reasonable doubt.

*Chadwick v. U. S.*, 141 F. 225, 243, points this out:

“The conspiracy itself is one created by statute and is made out by evidence that its object was to perpetrate some offense against the United States. Undoubtedly something more than a mere certification in excess of a deposit is necessary to make the offense punishable \* \* \* *a wrongful intent is of the essence of the matter* and the act of certification must be wilful and charged as such. *There must be an evil design, a wrongful purpose.* Therefore wilful ignorance as to whether the drawer had money on deposit or not, or knowledge that he did not must be shown. \* \* \* An unlawful intent may be implied from the intentional doing of an unlawful act.”

Again in *Salas v. U. S.*, 234 F. 842, 845, it is set forth:

“The statute clearly contemplates that the parties *shall intend* to defraud the United States and the indictment charged *such an intent.* \* \* \* *We discover nothing in the evidence to justify the jury in finding, at least beyond a reasonable doubt that Salas knew anything about these complicated relations.* \* \* \*”

*Nosowitz v. U. S.*, 282 F. 575, 578, points out:

“*It has always been the law (unless otherwise prescribed by statute) that to convict one of crime requires the proof of an intention to commit a*

*crime. \* \* \** There is no presumption created by statutes which presumes that possession of a vessel that might be used as a still or part of a still to be unlawful. The *act of manufacturing must have coupled with it a specific intent to do the wrong. \* \* \** Such intent must be proved as an independent fact, or at least circumstances established from which it would be proper to permit a jury to find such intent. \* \* \* We may not indulge in the presumption that these cans were possibly of use for unlawfully manufacturing intoxicating liquor, for we cannot presume that men will do wrong. \* \* \* We can conceive of many lawful purposes that the vessels could be used for.’

We cannot presume that the \$500.00 loaned to Walkup was loaned with a wrongful intent, for it cannot be presumed that men will do wrong. We can conceive of many lawful purposes that the \$500.00 could be used for, all of which purposes Mayola testified he loaned it for.

*Landen v. U. S.*, 299 F. 75, 78, pointed out that:

“*When, however, the prosecution is for conspiracy the textbooks and elementary discussion seem to agree that there must be a ‘corrupt intent’ which is interpreted to mean mens rea, the conscious and intentional purpose to break the law. Bishop’s Criminal Law (8th Ed.), Secs. 297, 300, 12 C. J. p. 552, 165 R. C. L. p. 1066, p. 6. The principle that even a mistake of law may protect one accused of crime has familiar illustration in the rule that, if the respondent in a prosecution for larceny took the property in a good faith though erroneous, belief that he had a legal right*



to its possession, he is not guilty. \* \* \* *This principle was applied to conspiracy in People v. Powell, 63 N. Y. 88, 91, 92. In a careful opinion by Judge Andrews the difference between the intent involved in the substantive offense, which intent the law will imply from the act, and the 'corrupt intent' necessary to make conspiracy which intent does not necessarily follow from a plan to do the act, is clearly pointed out. The case has stood for 50 years as the leading one on the subject, and if it be confined as it is, to a plan to do an act 'innocent in itself' it has never so far as we find been questioned. \* \* \**

The loaning of the money, the going on the boat, introducing Walkup to his friends to get him a job, or to help him organize a milk condensing or refrigeration business, are all acts innocent in themselves, and cannot imply unlawful intent beyond a reasonable doubt.

*Fall v. U. S.*, 209 F. 547, 552, holds that:

*"Here the question is not one of criminal pleading but of evidence. \* \* \* In this case there was no direct evidence of any conspiracy. The proof of that rested upon circumstances. More than usually in criminal cases the condition of the minds of the Falls was important. It is laid down that in conspiracy there must be intentional participation in the transaction with a view to the furtherance of the common design or purpose. \* \* \* What we mean is that an intention to take part in a conspiracy is always essential to the commission of the crime of conspiracy. A man is presumed to intend the natural and ordinary result of his own acts, and conse-*

quently if one does an unlawful act it is presumed that it was done with a criminal intention *but this presumption is not a conclusive one and may be rebutted by the defendant. \* \* \**

Even thus, if the act were unlawful, a presumption that it was done with criminal intent is not conclusive but may be rebutted by defendant, and Mayola certainly rebutted any such presumption. But in his case none of the acts relied upon were unlawful. All were innocent.

Again in the case of *Farmer v. U. S.*, 223 F. 903, 907, it was held that inference cannot make out full intent:

“Upon a careful examination of the record we are satisfied that the *government failed to prove an intent by the conspirators \* \* \** to use the mails to effect the scheme. Direct evidence of intent is rarely available, it may be shown by circumstances. Usually when the scheme is unfolded it is apparent that it could not be carried out without using the mails and a jury is warranted without further proof in drawing the inference that those who devised the scheme intended to use the mails. *We do not find in this record sufficient to warrant the inference. \* \* \** Since inference is not enough to make out full intent, and there is no direct evidence of it, we think \* \* \* it should be reversed.”

Thus we submit mere association in the same state-room does not properly support the presumption of wrongful intent. This is borne out by a case where

the facts were quite similar. *Jianole v. U. S.*, 299 F. 496, 498, held that:

“All that we have here, however, is the fact that the defendants were together in an automobile that contained the liquor, which the defendant, according to his evidence did not know was there. \* \* \* The indictment here charges a *felony* and accordingly *requires proof of knowledge of facts on defendants’ part upon which an intent to engage in the conspiracy may be inferred. Mere acquiescence is not sufficient. The evidence must show participation. Mere failure to prevent another from committing a crime is not sufficient.*”

Mayola was once in a room which contained the counterfeit money for 15 minutes. Later he was in a stateroom with a man who had it secreted on his person. But nowhere in the evidence is there any evidence showing Mayola participated. There is no evidence even that he knew that the money was in the house or in a secret belt. Assuming that he did know and failed to prevent the transportation, it would not be enough. This element of active participation is insisted upon in *Turcott v. U. S.*, 21 F. (2) 829:

“The law is well settled that *active participation must be established. Mere knowledge of the illegal acts of others is not sufficient.* The evidence relied upon to connect plaintiff in error with the conspiracy is *uncontradicted but it is wholly insufficient to warrant the conclusion of active participation* \* \* \* and the cause is reversed.”

This necessity of proving active participation is again made the grounds for reversal in *Young v. U. S.*, 48 F. (2) 26:

“The most that can be claimed by the government is that the circumstantial evidence was sufficient to show that McDaniel, Young and Coates *knew* that the articles in question were being *bought* from Young and Coates *by persons who intended to use them in connection with the unlawful manufacture of liquor. We are of the opinion that this evidence was insufficient.* \* \* \* There must have been a conspiracy to do something unlawful after the sales were made in order to sustain the indictment. *U. S. v. Katz*, 271 U. S. 354, 70 L. Ed. 986. \* \* \* *One cannot be held as a member of a conspiracy upon proof merely that he had knowledge of, or negatively acquiesced in, a crime that was about to be committed; but in order to fasten guilt upon one accused of being a conspirator, it is necessary to prove that he actively participated in the conspiracy charged.* *Bishops Criminal Law* (9th Ed.), sec. 633, 5 R. C. L. 1065. \* \* \*”

Assuming that Mayola gave his full sympathy and approval to Walkup's plans, which he denied, such sympathy and approval without more would not be sufficient to sustain his conviction.

*McDaniel v. U. S.*, 24 F. (2) 303.

“It is true that McDaniel's testimony, if believed by the jury, was sufficient to authorize an acquittal. *His knowledge* that others were in a conspiracy to violate the law, and *his full sympathy with and approval of the object of that conspiracy without more, would not constitute him a conspirator.*”

**THERE CANNOT BE FOUND ANY MOTIVE FOR MAYOLA ENTERING INTO THE CONSPIRACY. AND MOTIVE IS A NECESSARY ELEMENT OF THIS CRIME.**

Once the fires of imagination cooled off and the government agents gave up their theory that Mayola was going to overthrow the government of his country, because that government in power consisted of his relatives and trusted friends, it was attempted to show by the judge's cross-examination, that he was in reality a poor man and thus his motive might have been to make money. This evidence we have challenged as it consisted of statements to Mayola which he had to deny under conditions which placed the judge in a superior light before the jury, or questions which were argumentative, or so repeated as to almost amount to an intimation that the oft repeated answers of Mayola were untrue.

As a matter of fact Walkup was poor, and no business man, and Mayola was good hearted, and loaned him some money. He stopped off at Panama and obtained powers of attorney which were introduced in Court, and went on to New York and his activities in New York were carefully scrutinized, by government agents, who laughingly told Mayola that as far as they were concerned, they did not have a thing on him. And they released him for about ten days, without surveillance. Did he try to get out of the country, as a criminal? No, he did not. He hastened home upon arrest, and stood trial and took the stand freely on his own behalf. We challenge the record to show any intent.

We ask this Court to take into consideration the following case, which we consider far more serious than anything Mayola did, and yet the Court reversed it for lack of intent.

*Donovan v. U. S.*, 54 F. (2) 193.

“Wells was disinclined to be imprisoned for any term therefore an arrangement was made with Patrone whereby for a consideration he agreed to impersonate Wells, receive his sentence and serve his term. In due course Beals and Patrone the latter substituted for Wells signed pleas of guilty to the charge of smuggling and appeared before the bar for sentence. The Judge in complete ignorance of what was being done imposed sentence upon Beals and Patrone in the name of Wells. \* \* \* Who did this thing? The Grand Jury indicted Wells, Patrone, Beals, Donovan (attorney) and Rossiter (attorney) for conspiracy. \* \* \*

Beals' case was precisely the opposite of Donovan. Though doubtless he knew much of what was going on, and when he and Patrone stood up for sentence he certainly knew that the sentence was not imposed upon Wells, his fellow prisoner, but upon another in Wells' name, he was, oddly enough, not an actor in the fraud. Whether through lack of interest or through fear, his part was passive. *We find no evidence that he did anything to further the scheme or, indeed, to deceive the Court other than to stand mute. He possessed guilty knowledge in full measure, and it was, without doubt, his moral duty to speak and apprise the Court of the fraud being perpetrated. Yet reprehensible as was his silence, he was here tried and convicted not for having*

*guilty knowledge and not for violation of 146  
\* \* \* but for conspiracy.*

*We fail to find any evidence of acts on his part either in originating or furthering these conspiracies, just as we fail to find any evidence of a motive on his part for entering into such conspiracies. So far the evidence discloses he merely stood by and watched the game with indifference. We are required to hold that Beals' conviction is not sustained by the evidence.*

Rossiter was attorney for Wells and Beals.  
\* \* \* Upon their release \* \* \* he withdrew as their attorney. That Wells and Beals employed two Pittsburg attorneys is not disputed nor is it disputed that these attorneys alone acted for Wells until at least a day before sentence. Thus on the government's testimony there was a period when Rossiter took no part in the case, and certainly there was no evidence that he took part in or knew of the deal for the substitution. \* \* \*  
On the government evidence Donovan the day before the sentence telephoned Rossiter that 'it was Ok and to bring his clients from Erie.' This message Rossiter explains was in response to his request of Donovan to let him know when the matter was definitely fixed. \* \* \* *Rossiter's next contact occurred the next day when with his three clients he met in the corridor outside the courtroom, the Wells and Beals group. \* \* \* When approaching the courtroom door he said 'Come on inside and get the thing over with.' \* \* \* Everybody went into the courtroom. Rossiter's clients were sentenced. While Rossiter took no part in the Beals Patrone proceedings, he was present all the time and there is no doubt that he could have seen and heard all that transpired. It was*

*permissible for the Jury to find that he did see the substitution and did hear the Court impose sentence on the substitute. Like Beals he stood mute. After sentence \* \* \* all the lawyers including Rossiter went to rooms previously reserved in a hotel and had lunch, at which it was testified Rossiter said 'We have put it over.' At lunch the Bail money was divided. \* \* \* There was no evidence \* \* \* that Rossiter got any of it. Nor was there evidence that Rossiter was attorney for Wells and Beals other than his silence when he saw as he must have seen Patrone substituting for Wells at the time sentence was imposed. So the case against Rossiter gets down to a permissible inference of guilt from this fact and his failure to speak.*

Being an attorney—and officer of the Court—it was unquestionably Rossiter's duty to apprise the Court of the fraud. *Yet in reviewing this trial we are not dealing with official duty, professional ethics or morals. We are coldly concerned with the law to be applied to the facts and with permissible inferences of guilt to the exclusion of everything else.*

If the facts were equally susceptible of inferences of innocence in respect to the offenses for which he was on trial—this disposes of the matter. *Graceffo v. U. S., 46 F. (2) 852.*

Finding in the record no substantial evidence of facts which exclude every other hypothesis than that of guilt we are constrained to hold the evidence does not sustain Rossiter's conviction."

Neither was there any agreement that Mayola should have any profit, nor any expectation of profit. It was rather a crack brained scheme of a person,



who obtained the money for one purpose, and who used it for his own purpose, and who involved Mayola for the sake of hoped for leniency.

*Salinger v. U. S.*, 23 F. (2) 48, 51, points this out:

“While counsel for the government have called attention to *much circumstantial evidence* \* \* \* the written contract *the direct evidence of the parties* \* \* \* *the absence of any agreement that the defendant or any of the defendants should have any interest, share or expectation of profit in or from the Christenson transaction* \* \* \* *have converged with compelling force to convince us that there was not in this case such substantial or relevant evidence as could sustain beyond a reasonable doubt* \* \* \* *a finding.* \* \* \*”

Again in *Buchanan v. U. S.*, 233 F. 257, 258, the Court said:

“The legal quality and consequences of an act are not always apparent or definitely indicated. Some acts are of such equivocal or ambiguous character that the judicial inquiry turns wholly upon the particular motive which may be disclosed by intrinsic evidence. \* \* \* It is immaterial whether the statements were true or false, the fact that they were made was material. \* \* \*”

Thus it remains, that it is immaterial that the statements of Walkup that he really wanted to go into the milk business are true or false. The fact that he made them to Mayola and Mayola believed are material.

THERE IS INSUFFICIENT EVIDENCE IN THE RECORD TO  
CONNECT THE OVERT ACT, THE LOANING OF THE \$500.00  
WITH THE CONSPIRACY.

The overt act was the loaning of the \$500.00 which as Mayola testified to, was the act of a decent neighbor to help a starving family in distress, after having been importuned for months. That Walkup used the money ill-advisedly, and in connection with an unlawful conspiracy in no way connects Mayola with the same conspiracy, any more than if Walkup had borrowed the money from a bank. As was said in *U. S. v. Grossman*, 55 F. (2) 408, 410:

“The elements of a criminal conspiracy are: *First an object to be accomplished, a plan or scheme embodying means to accomplish that object, third an agreement or an understanding between two or more defendants whereby they became definitely committed to cooperate for the accomplishment of the object by the means embodied in the agreement, or by an effectual means, and lastly an overt act.*

*However before the overt act can be taken into consideration, it must be found that the defendants were parties to the conspiracy. \* \* \**

*The overt act must be entirely independent of the conspiracy. It must not be one of a series of acts constituting the agreement, but it must be a subsequent independent act following a complete agreement or conspiracy, and done to carry into effect the object of the original agreement.”*

And we submit that the evidence in the instant case falls far short of the above elements.

This is so even if defendant had a bad reputation. Mayola had an unimpeachable reputation.

*Dolff v. U. S.*, 61 F. (2) 881, 885, holds that:

“We are in accord with the statement of the district attorney that the evidence relied upon to sustain the conviction of appellant Proost is not overwhelming \* \* \* three officers testified that Proost’s reputation as a peaceful and law abiding citizen \* \* \* was bad \* \* \* We are convinced that the evidence is not sufficient to sustain the charge \* \* \* there cannot be much doubt that he was violating the law in possessing, bartering, and transporting liquor, but there is *no evidence that his transactions in these respects were in any way connected with the conspiracy* \* \* \*”

As was said in *Tillinghast v. Richards*, 225 F. 226, 232:

“*The overt act \* \* \* must be something more than evidence of a conspiracy \* \* \* thus a complete confession of a conspiracy would not be equivalent to an overt act which must constitute execution or part execution \* \* \**”

Neither can Walkup’s acts be imputed to Mayola. *U. S. v. M’Clarty*, 191 F. 518:

“We come to the consideration of the question whether the failure of the accused to inform Lloyd, the bookkeeper, of the facts respecting the drafts drawn by Bickel made the act of Lloyd in putting the entries on the Bank’s books the ‘act’ of accused \* \* \* *We think this question must be answered in the negative although \* \* \* the accused, the President of the Bank, was most unfaithful to the manifest moral duty of giving full information and accurate directions to the bookkeeper \* \* \* Doing an act \* \* \* we*

*think must involve positive conduct on the part of the doer and not mere passive inaction—that is to say, to bring a case within the statute, the conspirator must himself ‘do’ the ‘act’ or give authority to another to do that particular thing for him. A mere failure on the part of the conspirator to prevent another from doing the act of his own volition cannot be sufficient unless we disregard clearly established canons of statutory interpretation \* \* \* the ‘act’ to effect the objects of the conspiracy must actually be done by a conspirator, or if not actually done by him in person, it must be done by another by actual and intentional procurement of the conspirator. Imputation to one person of the acts of another cannot in criminal cases find adequate basis in mere moral or argumentative considerations. Criminally a man can only be held responsible for what he actually does or actually procures to be done. In short we think the case stated \* \* \* is not ‘plainly and unmistakably’ within the statute to use the language of the Supreme Court.”*

The jury had no right to draw an inference without substantial evidence, in a criminal case. In the case of *U. S. v. Ault*, 263 F. 800, 804, it was properly pointed out:

“An act then which would not have a tendency to produce, cause, execute, enforce, achieve, accomplish, or bring about the unlawful enterprise would not be an overt act \* \* \* A court or jury has no more right to draw inferences from facts that do not necessarily and legitimately authorize such inference, than to find any other fact without evidence \* \* \* Chief Justice Marshall  
\* \* \* said \* \* \*

‘The rule that *penal laws are to be construed strictly* is perhaps not much less old than construction itself \* \* \* to determine that a case is within the intention of the statute, its language must authorize us to say so. It would be *dangerous indeed to carry the principle that a case which is within the reason or mischief of the statute is within its provisions so far as to punish a crime* \* \* \*’

If completed acts separately stated are not crimes, many may not be united in a conspiracy charge as overt acts and made criminal.

*This is a government of laws under the constitution administered by men selected from the citizenry of the United States and all persons charged with crime stand unprejudiced by the passions of the times.’*

The following case shows how far the Courts have gone to reverse cases founded upon suspicion or conjecture even when the overt act is unlawful in itself, and not as here a simple innocent loan to a needy family. *Davidson v. U. S.*, 61 F. (2d) 250, 253, strongly supports our contention:

“Of course, it is apparent that Davidson and Brummel, knew that they were handling a so-called ‘hot’ car, and that they adopted this plan of issuing a constable’s bill of sale in order to obtain apparent title in the hands of the purchaser. *The conclusion is irresistible that both* \* \* \* *prostituted their official position as officers in furtherance of a scheme to dispose of a car that they knew to be stolen* \* \* \*

\* \* \* but there is an utter absence of any testimony that Davidson and Brummell were par-

ties to any conspiracy as alleged \* \* \* The fact that in selling this car Davidson and Brummell aided the conspirators is not sufficient. It is necessary that there be proof of an unlawful agreement, either express or implied. True, proof of overt acts is sometimes sufficient to prove a conspiracy but the overt act or acts must be clearly referable to an unlawful conspiracy or agreement, and as far as the acts of these two defendants are concerned, they are as consistent of their innocence of the charge of conspiracy as their guilt. There is no evidence that indicates any participation on their part with knowledge of the conspiracy.

The only codefendants known by Brummell were Davidson and Gillette, Davidson knew only Brummell \* \* \* One may suspect or conjecture that Davidson and Brummell were acting as 'fences' for stolen cars transported in interstate commerce in pursuance to some conspiracy, but the evidence does not justify such a conclusion. The evidence would warrant the view that these defendants \* \* \* conspired with Gillette to sell a stolen car, but that conspiracy is not the one charged \* \* \* There is no evidence nor any circumstance whatsoever which even remotely indicates that these two defendants had any knowledge that this was an interstate car, or that Gillette was engaged in transporting a car or cars in interstate commerce \* \* \* There is no evidence which indicates that they had any connection with the original theft \* \* \* nor with the transportation \* \* \* nor indeed with the storage \* \* \* The subterfuge \* \* \* and the false statements \* \* \* strongly infer that they knew that they were handling a stolen

*car, but such circumstances cannot supplant the absence of testimony or circumstance \* \* \* it must appear \* \* \* that these defendants \* \* \* had knowledge of the interstate character \* \* \**"

In conclusion, we therefore pray this Court to reverse the verdict and judgment as to Mayola, and to grant him a new trial in which he will be able to obtain a fair trial such as that term is known to our Constitution, and the decisions of the Federal Courts, cited herein.

Dated, San Francisco,  
November 27, 1933.

Respectfully submitted,  
CHAUNCEY F. TRAMUTOLO,  
LEMUEL D. SANDERSON,  
*Attorneys for Appellant.*





No. 7170

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

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JOSE MAYOLA,

*Appellant,*

VS.

UNITED STATES OF AMERICA,

*Appellee.*

BRIEF OF APPELLEE.

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FILED

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PAUL P. O'BRIEN,

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**BRIEF OF APPELLEE.**

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*Statement of the Case.*

Appellant's statement of the indictment, parties, and of the result of trial, is correct. The facts, as appellee views them, are as follows: It is undisputed that three men, Walkup (deceased prior to trial), Armstrong and Campbell, entered into the conspiracy charged; that they got together the necessary paraphernalia for counterfeiting; installed it in the Walkup home; made the plates or films described in the indictment; made the counterfeit money and formed the design to dispose of it in some South or Central American country. In carrying out this design Walkup on April 9, 1932, sailed for Panama

with the counterfeit money in his possession. He returned to San Francisco, stated that the deal had fallen through, and in the presence of his wife, burned the remaining bills. In the meantime the plant had been dismantled and moved to the Walkup office and the films and plates concealed in the Walkup home. Walkup, and shortly thereafter Armstrong, were taken into custody and questioned. Walkup later made on June 30, 1932, one statement, and on additional examination made on July 1, 1932, another, both in writing. Subsequently appellant and Campbell were arrested. No part of the paraphernalia used in the counterfeiting, nor any of the plates or films were at this time found nor were their whereabouts disclosed. Later, on July 27, Walkup became a suicide. Subsequently the films were found in his home hidden under the carpet and the paraphernalia used in the counterfeiting was found at his place of business.

The following facts show appellant's knowledge of, and participation in the conspiracy charged:

His home during this time was next door to the Walkup home. He was acquainted with Walkup and was in June or July of 1931 introduced by the latter to Campbell. On April 7, 1932, he gave or loaned Walkup \$500.00. On April 8, 1932, he went to Walkup's home and met and was introduced to Armstrong. The three were together in the back room where the paraphernalia of the counterfeiting was installed; twelve hundred and sixty of the bills, arranged for drying, were in the room; the press was



not dismantled. Walkup said "Well the job is finished, now let's have a drink". They had a drink. Walkup took appellant by the coat, turned him around, picked up some of the counterfeits, and with them and a genuine bill in his hands, showed them to appellant and said, "What do you think of these? How do they look to you? Appellant replied, "I can't tell a good one from a bad one, they all look alike to me." Prior to this conversation and the loan of \$500.00 to Walkup, appellant had purchased a ticket to Panama for himself and had made a reservation for Walkup. Walkup divided the money received with Armstrong, stating he received it from Mayola for the expenses of the trip. Walkup and appellant sailed for Panama together, Walkup carrying the counterfeit money, they both occupying the same stateroom. While in Panama Walkup lived with appellant and introduced him to various people.

### *Brief of Argument.*

Appellee, answering the points raised by appellant in the order in which they occur, proposes to establish the following propositions:

(1) The defendant was accorded a fair and impartial trial. Pages 6 to 10 this brief—answering pages 6 to 27 appellant's brief.

(2) The testimony of the witness Armstrong as to conversations with a co-conspirator relating to the defendant, was properly received. Appellant's assignments of error I, II and III are without merit. Pages 10 to 13, this brief—answering pages 27 to 35 appellant's brief.

(3) The testimony of the witness Helen Walkup was properly received. Appellant's assignments of error IV to IX inclusive, are without merit. Pages 13 to 17 this brief—answering pages 36 to 57 appellant's brief.

(4) The witness Helen Walkup was competent to testify in the case although her deceased husband had been a member of the conspiracy. Pages 17 to 18 this brief—answering pages 58 to 59 appellant's brief.

(5) The admission of the written statement of the deceased conspirator Walkup was, if error, one which crept into the case through the door opened by appellant's counsel. Appellant's assignment of error X is accordingly without merit. Pages 18 to 20, this brief—answering pages 59 to 61 appellant's brief.

(6) The portion of the court's instruction complained of, referring to proof of conspiracy by circumstantial evidence, is, when read in connection with the rest of the instruction, and with the other instructions given, a correct statement of the law. The alleged error now complained of was never called to the trial court's attention by proper or any exception. Pages 20 to 21 this brief—answering pages 61 to 78 appellant's brief.

(7) The record contains sufficient evidence to sustain the verdict, but the state of the record does not warrant a review of the facts by this court. Pages 21 to 23 this brief—answering pages 78 to end appellant's brief.

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### *Foreword.*

For the most part appellant's brief is made up of argument and authority supporting attempted assignment of errors outside the record. Points 1, 4, 6, and 7, of this brief are devoted to answering such contentions. Only three of the eleven headings under which appellant has arranged his argument and authorities are addressed to assignments of error based on exceptions taken to the rulings of the lower court.

We do not, by answering contentions thus irregularly before this court, wish to be understood as admitting that the matters so complained of, fall within the letter or spirit of paragraph 4 of Rule 24 of this court. On the contrary we contend that the alleged errors so sought to be brought before this court are

all matters which, had they been properly called to the attention of the trial court, could and would have been remedied.

The situation is not one where appellant seeks to assign as error admissions of evidence, over objection, to which no formal exception was taken. There was not one instance in any of the ~~five~~<sup>eight</sup> groupings of alleged error mentioned above, where appellant's counsel gave to the trial court, or to appellee, even the slightest intimation by objection or otherwise that he considered the matters, now attempted to be assigned as error, objectionable.

---

### *Argument.*

#### I

Under the general contention that appellant did have a fair trial are grouped four unrelated, alleged errors, none of which were suggested on the trial.

(a) Appellant's contention that his cross-examination by the trial Judge was so searching, partial and long drawn out as to amount to denial of a fair trial (pp. 6-15 appellant's brief) is best answered by the questions *and the answers*. (Tr. pages 48 to 62 incl.).

None of the cases cited by appellant for this point touch on the matter of alleged biased cross-examination; all deal with the entirely different matter of judicial comment on the evidence. We submit that this case comes squarely within the rule and spirit

of this court's decision in *Kettenbach v. U. S.*, 202 Fed. 377 at 385:

“The trial judge in a federal court is not a mere presiding officer. \* \* \* He has the authority to interrogate witnesses, and to express his opinion upon the weight of the evidence and the credibility of the witnesses. In the case at bar there was no such expression of opinion by the court, and there is nothing in the record which is before us to indicate or to give the jury the impression that the judge was in any degree partial or biased or prejudiced against the plaintiffs in error.”

(b) The attempt now to assign as error certain remarks said to have been made by the District Attorney in his argument (p. 16 app. brief) fails by its statement. Appellant admits that no objection was made to the remarks and that the jury was fairly and correctly instructed on the subject to which the remarks were addressed. As there is no record of the alleged remarks we must leave this particular contention to refute itself.

(c) With respect to the attempted assignment of error predicated on the District Attorney's examination of the witness Dineen (p. 17 App. Brief); it appears sufficient to point out that no objection was raised, no exception taken, nor was any motion regarding the evidence made. The error, if any, was surely as apparent at the time of trial as it now is.

(d) The attempted assignment of error based on a portion of the trial court's instruction on the matter of conspiracy is, we submit, not only without merit but in addition, is unfair. It is without merit because the instruction from which the excerpt is taken, if read as a whole, correctly states the law relative to the necessity of proof beyond a reasonable doubt.

Immediately before the challenged portion of the instruction was given, the court had instructed the jury as follows:

“Each of these elements is an essential element of the crime charged and must be established to your satisfaction and beyond a reasonable doubt before you can find a verdict of guilty. If these three elements are established, then the crime of conspiracy is complete, regardless of whether the purpose was accomplished or not.” (Tr. p. 68)

Later in the same instruction the point was again stressed:

“No defendant can be convicted of conspiracy merely because of his acquaintance or association with some or all of the conspirators, unless you are satisfied beyond a reasonable doubt that all such defendants had guilty knowledge of and were participants in the conspiracy. Each defendant is entitled to an individual and separate consideration at your hands as to his guilt or innocence.” (Tr. p. 72)

Furthermore, the court gave (Tr. p. 66) its general instruction covering the subject.

The unfairness of this method of assigning as error an instruction to which no exception was taken is evident. The rest of the instruction shows clearly that the court had in mind the principle involved and would on proper application have remedied the matter here complained of had it needed remedy.

(e) The final point urged by appellant seems to be that in cases such as this, where there has been an acquittal on counts charging substantive offences and a conviction on the accompanying conspiracy charge, such fact warrants scrutiny of the record by the appellate court, and justifies the consideration by this court of the alleged errors now attempted to be assigned, although the condition of the record does not require their consideration.

None of the cases cited by counsel are authority for the proposition stated. They all refer to a conviction without sufficient evidence to support it, rather than to the matters here sought to be urged.

For authority dealing directly with the sort of situation here presented we quote Justice Rudkin's concurring opinion in a case where the rest of the court had reviewed both the evidence and alleged errors although there had been no objections or exceptions:

"I concur in the judgment, but am opposed to the practice of discussing or considering questions not properly before us, because the inevitable tendency is to encourage loose practice, mislead the bar, and embarrass the court in the future. The court should, therefore, refuse to

consider the sufficiency of the evidence to sustain the verdict for the reasons stated by this court in *Bilboa v. United States* (C.C.A.), 287 Fed. 125, decided February 26, 1923.”

*Traversi v. U. S.*, 288 Fed. 375 at 376.

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## II

Beginning at page 27 of his brief appellant groups together his assignments of error I, II and III for what he terms the purpose of brevity. He however overlooks the fact that each of the assignments of error relates to a ruling of the court upon a separate objection and that each assignment of error must accordingly be considered separately.

Assignment of error I was from the court's ruling on appellant's objection to the following question:

“Q. Do you recall a conversation with Mr. Walkup and Mr. Mayola in April, 1932, concerning the payment for the expenses of the trip to South America?”

“Counsel for defendant Mayola objected to the question as leading and suggestive, and, further, that Mr. Mayola had not been connected with the conspiracy.”

The question called for a conversation had between the witness, a confessed conspirator, with the accused and another confessed conspirator. The objection was to the form of the question, not to the admissibility of the evidence called for. The question was leading and suggestive but it is a well settled canon of the



law of evidence that such objections are addressed to the sound discretion of the court.

The question called for a conversation in the presence of the accused, which the government clearly had a right to elicit. If the answer was objectionable, proper and timely motion to strike should have been made.

The statement "and, further, that Mr. Mayola had not been connected with the conspiracy" is not an objection. It is merely a statement of counsel's opinion of the state of the evidence. If considered as an objection, and properly placed before the court as such, it would fall within the rule announced in *Doyle v. United States*, 169 Fed. 625, at 627:

"If it was intended by the objection just mentioned to insist that Doyle's connection with the scheme should be first shown, there are two answers: First, that enough had already been proven to warrant the belief that Doyle was involved in the scheme; and, secondly, there is no hard and fast rule that the evidence of concert should be first put in. The substance of the rule is that the jury must be satisfied that the concert existed before they can consider what one of the parties did or said in carrying out the joint purpose. In overruling the objection, the court very properly instructed the jury as to what the rule is. Besides, the order of production of evidence is one largely in the discretion of the court."

Assignment of error II relates to the court's admission, over the objection that the question calls for

hearsay, of a conversation between the witness, Walkup (a deceased conspirator), and one Johnson. Evidence had already been admitted showing that Walkup, Armstrong and Campbell had been acting in concert to prepare to, and to counterfeit Colombian money in violation of the laws of the United States. The paraphernalia afterwards used in this conspiracy was acquired in the execution of the plan to counterfeit Colombian money. When that conspiracy merged into the instant one, is not clear. The evidence elicited however dealt with a time before any criminal intent was manifested in that transaction. It referred to a time during Walkup's negotiations with Armstrong and Johnson before his criminal plan had been divulged to them. Accordingly the error in its admission, if any, could hardly have been prejudicial to the defendant as the conversation did not of itself impute to him any criminal intent or design. As this same matter was later referred to <sup>in</sup> similar testimony from witness Helen Walkup, without objection from appellant's counsel, its retention here can hardly be error. (Tr. pp. 24, 25). Redirect Examination of witness Helen Walkup.

Assignment of error III relates to the following question and objection:

“Q. What was the approximate date of the first conversation?”

“Mr. Tramutolo objected to the question upon the ground that the question called for hearsay.”

It is obvious that the question does not call for hearsay; that the objection was accordingly improp-

erly taken, and properly overruled. The witnesses' answer was hearsay, and, if inadmissible under the state of the record at that time, was subject to motion to strike. As counsel interposed no such motion, the statement is in the record without proper or any objection to its inclusion.

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### III

Appellant again groups his assignments of error IV to IX under one heading and argues as to each assignment the same point.

Assignment VII (Tr. p. 80) is from the ruling of the trial court overruling the objection that the question was leading and suggestive. That error assigned on a ruling to this form of objection, is not ordinarily held to be prejudicial, has already been suggested (p. 10 supra).

Assignment VIII is from the ruling of the trial court overruling the objection that "this conspiracy terminated after the money was made" (Tr. p. 81).

In view of the indictment which in part charges that defendants "did unlawfully conspire to \* \* \* and to keep in their possession and conceal, with intent to defraud, said falsely made \* \* \* counterfeited obligation \* \* \*" (Tr. p. 2); such assignment of error is without merit.

Appellant's objection to the reception of the evidence covered by assignments IV, V, VI and IX is

that such evidence was hearsay and as such inadmissible.

It is admitted that the statements in each case were made during the existence of the conspiracy by one of the conspirators and that at the time of their reception in evidence the conspiracy had been proven.

Appellant quotes from several cases dealing with the question of hearsay evidence in general. With those views we are in accord, but contend that the declarations here under consideration are admissible since they are declarations of a conspirator made during the life of the conspiracy and form part of the *res gestae* of acts designed to advance the conspiracy.

The first of the declarations (Assignment IV, Tr. p. 78) concerned a declaration of Walkup made after his return from appellant's home. Walkup stated that appellant had told him the best place to carry the counterfeit bills was under his clothes. The statement relates to and explains an act subsequently done in carrying out the purposes of the conspiracy, the making and the wearing of the belt in which Walkup subsequently carried the counterfeit to Colombia. It is as much a part of the immediate preparation for the act of carrying the counterfeit as was the subsequent making and donning of the belt.

Assignment V (Tr. p. 79) relates to a declaration made by Walkup stating that he got the money for the trip to Colombia from appellant. This declaration also

relates to and explains the loan which was a means used to realize the object of the conspiracy. It also corresponds with the declaration Walkup made to the witness Armstrong and is thus corroborative of, and explanatory to, a fact already in evidence.

Under Assignment VI (Tr. p. 79) comes the declaration of Walkup that the belt in which the witness subsequently saw the counterfeit packed was made by appellant's wife. It explains the source of an instrumentality used in effectuating the concealment of the bills. This belt had already been described by the witness and had been made the night before Walkup sailed. (Tr. p. 22). This declaration was almost contemporaneous in time with the appearance of the belt. It was as much a circumstance attending the appearance of the belt as was Walkup's act in putting it on, and is equally proper for the jury's consideration.

As counsel's next Assignment of Error numbered VII does not call to this court's attention a proper basis for a finding of prejudicial error, the answer elicited was properly before the jury. That answer is "Around in March Mr. Walkup told me Mr. Mayola might take him to South America with him to dispose of the money." (Tr. p. 80).

As the objection on which Assignment VIII is based is without merit, the witness' answer "He said Mr. Mayola knew someone in South America who could handle it" (Tr. p. 81) was properly received in evidence.

Viewed in the light of these two statements, the answer referred to in Assignment IX "He told me that Mr. Mayola introduced him to two men, Sisto Posso and Senior Ibanez, in South America, who wanted to handle the money if it was good," is evidently an explanation of a verbal act (the previous declarations) already before the jury without exception.

We are convinced that the declarations just reviewed were properly received as declarations of a conspirator made during the life of the conspiracy; contemporaneous with and attending acts done in furtherance of the conspiracy. They were all made at a time and under circumstances which make it clear that they were undesigned. They were all incidental to the overt acts which they accompanied and described. We believe all of the declarations, referring as they all did to the manner and method of carrying on the conspiracy, may be properly termed a part of the *res gestae* of acts done in furtherance of the conspiracy.

In the case of *Jones v. United States*, 179 Fed. 584 at 601, this court said, concerning a declaration of one conspirator made while the conspiracy was in progress and related to the conspiracy *but not in its furtherance*:

"In the present case the statement was made while the conspiracy was in progress, related to the object of the conspiracy and was therefore part of the *res gestae*."

The following cases are there cited to the same effect:

*United States v. Gooding*, 12 Wheat 460, 469;  
*American Fur Co. v. U. S.*, 2 Peters 358, 364;  
*Nudd v. Barrows*, 91 U. S. 426, 438;  
*St. Clair v. U. S.*, 154 U. S. 134, 149;  
*Wiborg v. U. S.*, 153 U. S. 632, 657.

In the *Wiborg* case, *supra*, the trial court had received in evidence over objection, declarations of some of the conspirators as to the object of the proposed landing in Cuba. These declarations were made out of the presence of the accused, by conspirators who were not indicted, and were obviously *not in furtherance of the conspiracy*. In holding such declarations properly admitted, the court said:

“The declarations must be made in furtherance of a common object, or must constitute a part of the *res gestae* of acts done in such furtherance.”

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#### IV

Appellant contends that Helen Walkup would have been incompetent to testify in the case if her husband, who was a conspirator, had lived, and that she was consequently incompetent to testify although he died and was accordingly not a party to the record. The statement refutes itself.

This attempted assignment is again without support of objection addressed to the point sought to be raised.

In *Knoell v. U. S.*, 239 Fed., 16, 22 to 26, the court discusses the question, and decides adversely to appellant's contention. At page 25 the court says:

“Public policy ceases to apply where the husband has become his own accuser and formally confessed the crime. The policy rests on the implication that the husband has or may have a guilty secret and (either in fact or presumptively) is anxious to conceal it. His wife therefore will become his antagonist or will bring reproach on his memory if she tells what she knows, and for this reason her mouth must be closed. But, if he himself has told the story and has made a formal confession in court, the reason disappears, and in such a situation we can see no ground for holding that she may not repeat what her husband has already proclaimed to the world.”

---

## V

The admission of the next evidence of which appellant complains and which we shall now consider, was, if error, one to which he was a party.

Walkup made two statements in writing, one on June 30 exculpating appellant and another on July 1, which incriminated him. Both were produced in court by a witness who identified them. Appellant's counsel desired to read a part of the first statement. The record then shows (Tr. p. 30):

“Mr. TRAMUTOLO: I ask to read that portion your Honor.

The COURT: Very well, read it.



Mr. VAN DER ZEE: We object to counsel reading a part of this statement unless we are permitted to introduce the entire statement, and any other statements used, by Mr. Walkup, in the hearing.

The COURT: I will not say about that. You may indicate to the jury what it is you are reading from."

Appellant's counsel then read from the statement of June 30, the statement exculpating appellant. After certain proof (Tr. p. 31) both statements were introduced in evidence by the District Attorney, the court having overruled appellant's objection that the matter was not proper cross-examination and that the offer contained incompetent evidence.

Appellant's argument takes it for granted that the conspiracy had ended at the time these statements were made. This is not necessarily so, for although Walkup was under arrest, the paraphernalia for the manufacture of the counterfeit was still in his possession as well as the films and plates. Campbell, Mayola and Mrs. Walkup were at large. One of the unlawful objects of the conspiracy was "to have in their custody control and possession, zinc and film plates etc." (Tr. p. 2).

Whether or not the conspiracy be viewed as ended, appellant should not be permitted to urge that which is in fairness his own error. Where the accused inquires of a witness regarding, or makes statements concerning matters which are in writing, he opens the door to the writing and cannot properly object to its being received; and where, as here, he himself intro-

duces improper evidence of part of a transaction, he should not be heard to voice objection to the introduction of the remainder.

*Carver v. U. S.*, 164 U. S. 694;

*People v. Duncan*, 8 Cal. A. 186;

*Clayton v. State*, 180 S. W. 1089.

In any case appellant could not have been materially prejudiced by the reception of this evidence, since no material fact necessary to sustain this verdict need be gotten from the statement. There is ample evidence in the record without it and its effect was at most was cumulative.

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## VI

The instruction next attacked by appellant in his brief (p. 61) (again without exception being taken below) is, when read in connection with the other instructions given, and with the rest of the instruction from which it has been separated, a correct statement of the law.

In addition to the references to the doctrine of reasonable doubt appearing in this same instruction, and which have been before set out (page 8 *supra*), there was given immediately after the partial instruction which appellant has elected to criticize, the following instruction:

“The rule of law where the Government relies on circumstantial evidence for the conviction of a defendant is that the circumstances proven must

not only point to the defendant's guilt, but must be inconsistent with his innocence; or, otherwise stated, the circumstances proved must be such as to admit of no other reasonable interpretation or explanation than the guilt of the accused."

It is to be noted that none of the cases cited by appellant under this point criticize the instruction complained of.

Since no exception was taken, the case of *Traversi v. U. S.* (supra, page 9), will suffice as authority that appellant's attempted assignment of error is without merit.

---

## VII

The remainder of appellant's brief, page 78 to end, is arranged under five headings, which for purposes of brevity and because the same argument in effect appears in each, we shall answer as one.

The real argument advanced by counsel is that the evidence is insufficient to sustain the verdict. The answer is two-fold:

First, That there is ample evidence to sustain the verdict;

Second, That the state of the record does not warrant this court's review of the evidence.

For the first proposition we respectfully invite the attention of the court to the brief summary of the

evidence in the statement of the case (supra pp. 2-3). The facts there stated are all from the transcript, and further are from direct evidence which is in the record without objection. That the evidence from which those facts were gathered is controverted by appellant's testimony is immaterial. The jury had the advantage of that which is not of record but is evidence of the most invaluable nature in determining a conflict of evidence; the demeanor of the witness on the stand and the manner of his testifying. The trial judge also had that advantage and consequently should have had the initial opportunity to review the evidence judicially.

This case presents, we submit, no features which should remove it from the operation of the rule requiring a motion for a directed verdict below as a prerequisite to appellate review of the evidence.

The relaxation of the rule is only in cases of plain and palpable miscarriage of justice.

*Paine v. U. S.*, 7 Fed. (2d) 263.

No such condition exists here. We respectfully submit that for this court to review the evidence in this case, and to consider or discuss the questions improperly placed before it in appellant's brief would have, in the language of this court "the inevitable tendency \* \* \* to encourage loose practice, mislead the bar, and embarrass the court in the future" (*Traversi v. U. S.*, supra).

The rule which this court recognizes in the following cases appears clearly applicable to the instant case:

*Bilboa v. U. S.*, 287 Fed. 125, 126;  
*Clements v. U. S.*, 297 Fed. 206, 207;  
*Deupree v. U. S.*, 2 Fed. (2d) 44, 45, 46;  
*McWalters v. U. S.*, 6 Fed. (2d) 224, 225.

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### ***Conclusion.***

We feel that appellant's argument and authorities, so far as addressed to matters properly before this court, have been both fully and fairly answered, and that the assignments of error predicated on exceptions to the rulings of the trial court have been demonstrated to be without substantial merit

As to those attempted assignments of error outside the record, we had hesitated to burden this record with argument and authority addressed to matters not properly before this court, and state now that our answer to the arguments so advanced has been dictated by our respect for the trial court and our respect for and sense of duty toward your Honors, rather than to a conviction that such answer was necessary.

We respectfully submit that the judgment of the trial court should be affirmed.

H. H. McPIKE,  
 United States Attorney

W. E. LICKING,  
 Asst. United States Attorney  
*Attorneys for Appellee.*



No. 7170

IN THE

United States Circuit Court of Appeals  
For the Ninth Circuit

---

JOSE MAYOLA,

*Appellant,*

VS.

UNITED STATES OF AMERICA,

*Appellee.*

APPELLEE'S PETITION FOR REHEARING.

---

H. H. McPIKE,  
United States Attorney,

W. E. LICKING,  
Asst. United States Attorney,  
*Attorneys for Appellee.*

**FILED**

JUN 28 1934





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No. 7170

IN THE

# United States Circuit Court of Appeals

For the Ninth Circuit

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JOSE MAYOLA,

*Appellant,*

VS.

UNITED STATES OF AMERICA,

*Appellee.*

---

## APPELLEE'S PETITION FOR REHEARING.

---

*To the Honorable Curtis D. Wilbur, Presiding Judge,  
the Honorable William H. Sawtelle and Francis  
A. Garrecht, Associate Judges, of the Circuit  
Court of Appeals for the Ninth Circuit:*

Appellee respectfully petitions for rehearing upon the following grounds:

### I.

That portion of the Court's opinion which states:

“The law is plain—the declarations of co-conspirators must be made in furtherance of the object of the conspiracy in order to come within the *res gestae* rule”,

is, we respectfully submit, an incorrect statement of the law.

## II.

The correct rule established in this Circuit following the decisions of the United States Supreme Court is:

“The declarations must be made in furtherance of a common object, or must constitute a part of the *res gestae* of acts done in such furtherance.”

## III.

The declarations considered by the Court in the instant case, viewed in light of the correct rule, were properly admitted in evidence.

## I.

THAT PORTION OF THE COURT'S OPINION WHICH STATES:  
 “THE LAW IS PLAIN—THE DECLARATIONS OF CO-CONSPIRATORS MUST BE MADE IN FURTHERANCE OF THE OBJECT OF THE CONSPIRACY IN ORDER TO COME WITHIN THE RES GESTAE RULE,” IS AN INCORRECT STATEMENT OF THE LAW.

The Court's statement of the rule assumes that, to be admissible as *res gestae* of the conspiracy, declarations must be in furtherance of the object of the conspiracy. If this were a correct statement of the law, such declarations would be admissible without reference to whether they were or were not *res gestae* of the conspiracy.

We have examined the authorities cited by the Court and have failed to find in any of them, except

in *Romeo v. U. S.*, 23 F. (2d) 551, any discussion of the *res gestae* rule.

With reference to the *Romeo* case, we respectfully submit that the Court is in error in assuming from the concurring opinion therein that the rule of *Jones v. U. S.*, 179 Fed. 584, 601, has not been adhered to in this Circuit. The Court, in the *Romeo* case, did not refuse to adhere to the rule of the *Jones* case but expressly stated that the declarations under consideration in the *Romeo* case were not *res gestae* of the conspiracy. We respectfully contend that the Court in this portion of its opinion did not fully consider the distinction between declarations of conspirators admissible because made in furtherance of the conspiracy, and declarations not necessarily in furtherance of the conspiracy but admissible as *res gestae*.

---

## II.

THE CORRECT RULE ESTABLISHED IN THIS CIRCUIT FOLLOWING THE DECISIONS OF THE UNITED STATES SUPREME COURT IS: "THE DECLARATIONS MUST BE MADE IN FURTHERANCE OF A COMMON OBJECT, OR MUST CONSTITUTE A PART OF THE RES GESTAE OF ACTS DONE IN SUCH FURTHERANCE".

We respectfully urge that the rule followed in the *Jones* case, *supra*, is the correct rule and that declarations of conspirators which are not in furtherance of the conspiracy are admissible if they constitute a part of the *res gestae* of acts done in furtherance of the

conspiracy. The following cases are authority for the correctness of this contention:

- U. S. v. Gooding*, 12 Wheat. 460, 469;  
*American Fur Co. v. U. S.*, 2 Peters 358, 364;  
*Nudd v. Barrows*, 91 U. S. 426, 438;  
*St. Clair v. U. S.*, 154 U. S. 134, 149;  
*Wiborg v. U. S.*, 153 U. S. 632, 657;  
*Underhill Criminal*, 3d Ed., p. 957, §718, states the same rule, together with authorities there cited.

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### III.

THE DECLARATIONS CONSIDERED BY THE COURT IN THE INSTANT CASE, VIEWED IN LIGHT OF THE CORRECT RULE, WERE PROPERLY ADMITTED IN EVIDENCE.

As to the applicability of the rule to the declarations under consideration in the instant case, we respectfully refer the Court to appellee's brief herein, subdivision III, pages 13 to 16 inclusive. In this connection we again urge upon the Court that these declarations were all made during the existence of the conspiracy; that all the declarations related to acts done in the furtherance of the conspiracy, and that in so far as they were narrative of past events, those past events were all acts done in furtherance of the conspiracy, and the declarations relative to them were in the nature of report from one conspirator to another of the progress of the conspiracy, not a narration of things done during the conspiracy after the conspiracy had terminated.

It is respectfully submitted that under the authority of the cases cited the declarations in question were properly admitted.

H. H. MCPHKE,  
United States Attorney,

W. E. LICKING,  
Asst. United States Attorney,  
*Attorneys for Appellee.*

## CERTIFICATE OF COUNSEL.

I hereby certify that I am of counsel for appellee and petitioner in the above entitled case, and that in my judgment the foregoing petition for a rehearing is well founded, and that it is not interposed for delay.

Dated: San Francisco, California,  
June 28, 1934.

H. H. McPIKE,  
United States Attorney,  
*Of Counsel for Appellee and  
Petitioner.*



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UNITED STATES  
CIRCUIT COURT OF APPEALS

Ninth Circuit

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PETER VAN DER WEYDE,

*Appellant,*

vs.

S. S. "TAIGEN MARU", her tackle, etc.,  
*Respondent,*

OCEAN TRANSPORT Co., LTD., a corpora-  
tion,

*Appellee,*

C. STANG ANDERSON, Norwegian Consul,  
*Intervenor and Appellee.*

---

UPON APPEAL FROM THE DISTRICT COURT OF THE  
UNITED STATES FOR THE WESTERN DISTRICT OF  
WASHINGTON, SOUTHERN DIVISION.

---

**BRIEF OF APPELLEE**

---

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**Filed**

SEP - 1 1934

PAUL R. GRIFFIN,

CLERK



UNITED STATES  
CIRCUIT COURT OF APPEALS

Ninth Circuit

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PETER VAN DER WEYDE,

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VS.

S. S. "TAIGEN MARU", her tackle, etc.,  
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BRIEF OF APPELLEE

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### EXPLANATORY REFERENCE NOTE:

(The apostles on appeal in this cause include as an exhibit to exceptive allegations of the Norwegian Consul, and to the exceptions of the claimant, the transcript of record from the United States District Court of Oregon in appellant's former suit; appellant not having printed the apostles and such transcript not having been paged, it has been impossible for this brief to make page references to the transcript from the United States District Court of Oregon; for this reason, brief of appellee in referring to the transcript has indicated the same as follows: Ex. Tr.)

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**UNITED STATES  
CIRCUIT COURT OF APPEALS**

**Ninth Circuit**

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PETER VAN DER WEYDE,

*Appellant,*

VS.

S. S. "TAIGEN MARU", her tackle, etc.,

*Respondent,*

OCEAN TRANSPORT CO., LTD.,  
a corporation,

*Appellee,*

C. STANG ANDERSON, Norwegian Consul,

*Intervenor and Appellee.*

**No. 7192**

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UPON APPEAL FROM THE DISTRICT COURT OF THE  
UNITED STATES FOR THE WESTERN DISTRICT OF  
WASHINGTON, SOUTHERN DIVISION.

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**BRIEF OF APPELLEE**

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**STATEMENT**

The present cause, commenced April 18, 1931, in the United States District Court at Tacoma, is founded upon a claim for personal injuries alleged by admiralty libel in rem to have been suffered by appellant, Peter Van der Weyde, while aboard the respondent vessel upon the high seas in May, 1922.

The appellant, at the time of his alleged injuries being a subject of Her Majesty the Queen of the Netherlands, was a member of the Norwegian crew,

under Norwegian articles signed by him at Astoria, upon the respondent vessel (then the S.S. "Luise Nielsen") of Norwegian nationality, flying the Norwegian flag, under the ownership of B. Stolt Nielsen & Company, Inc., a corporation of the Kingdom of Norway.

A review of appellant's brief has suggested a chronological restatement of the historical facts material to this appeal, for ready understanding.

On September 15, 1922, there was instituted in the United States District Court at Portland a former suit in admiralty by the filing of a libel in rem in behalf of Peter Van der Weyde, as libelant, against the steamship "Luise Nielsen", as respondent, to recover damages (inclusive of wages, maintenance and cure) for personal injuries alleged to have been suffered as the result of unwholesome food and as the result of a fall on or about May 12, 1922, through an open, unguarded, unlighted hatch, while libelant was employed as a seaman on the high seas (Ex. Tr.).

Upon the issuance of due process in rem, as prayed by said libel, the respondent vessel was seized on September 16, 1922, and later released from custody of the U. S. Marshal on September 19, 1922, upon a claim of ownership and bond in the form of a stipulation to abide and pay the decree, filed by the master in behalf of the owner, B. Stolt Nielsen & Company, Inc., as claimant (Ex. Tr.).

On October 5, 1922, answer to said libel was filed by the claimant (Ex. Tr.).

In the same cause on January 30, 1923, and September 22, 1923, several depositions of claimant's wit-

nesses, together with numerous exhibits were filed (Ex. Tr.).

On April 9, 1924, following entry of order of court allowing intervention by the Norwegian Consul at Portland, he filed exceptive allegations, upon the basis of which was sought dismissal of said libel in the exercise of the court's sound discretion with permission for the adjustment of libelant's claims by the Norwegian Consul, in harmony with the laws of the Kingdom of Norway. The exceptive allegations of the Norwegian Consul alleged and showed: (1) that the respondent vessel was of Norwegian nationality; (2) that Peter Van der Weyde was a subject of the Netherlands; (3) that under the general maritime law, being a member of the crew of a Norwegian ship, signed under Norwegian articles, as concerned his rights and obligations, he was a Norwegian seaman; (4) that by such Norwegian law, an ill or injured seaman was to be entrusted to the Norwegian Consul for adjustment of claims and settlement of any dispute with the master or vessel; (5) that the articles signed by Peter Van der Weyde contained a provision that the interpretation of the rights and obligations under the contract should be decided by the Norwegian Consul and should not be decided in any foreign country by a foreign court; and (6) that since suffering injuries, Peter Van der Weyde had received hospital care at the expense of B. Stolt Nielsen & Company, Inc., and the Norwegian government (Ex. Tr.).

After argument on the exceptive allegations of the Norwegian Consul, amended libel was filed on May

12, 1924, impleading Asiatic American Steamship Company as an additional party respondent in personam (Ex. Tr.).

By such amended libel in behalf of Peter Van der Weyde, as libelant, his cause of action for personal injuries suffered on or about May 16, 1922, was reiterated—the only substantive change effected by the amended libel being to allege that the respondent Asiatic American Steamship Company, by virtue of a certain charter party, was the owner of the respondent vessel *pro hac vice*, and as such, personally liable for damages to libelant (Ex. Tr.).

On May 19, 1924, the respondent in personam, Asiatic American Steamship Company, filed its answer to said amended libel, denying the allegations that it was owner *pro hac vice* (Ex. Tr.).

On May 20, 1924, there was entered on the journal order of court overruling the exceptive allegations of the Norwegian Consul (Ex. Tr.).

On May 28, 1924, the owner of the respondent vessel, B. Stolt Nielsen & Company, Inc., as claimant, filed its answer to said amended libel, admitting the ownership of the respondent vessel as of the time libelant claimed to have sustained injuries, but denying such ownership as of the date of its answer, and denying that respondent in personam, Asiatic American Steamship Company, was the owner of the respondent vessel in *pro hac vice*, and denying numerous other allegations of said amended libel (Ex. Tr.).

By such answer, said claimant, for its affirmative defense, alleged that Peter Van der Weyde, said libelant, was a Dutchman, being a subject of the

Queen of the Netherlands; alleged that the respondent vessel was a Norwegian steamship, flying a Norwegian flag and owned by a Norwegian corporation; alleged that the contract of hiring between said respondent vessel and said libelant contained, among others, provision that "he shall serve on board the ship in the capacity of able seaman and ordinary seaman, with obligations and rights as stated in maritime law of the 20th of July, 1893 (Norwegian Law)", and that "any disagreement as to the interpretation of this contract shall be temporarily decided by the Norwegian Consul, and not in a foreign country be brought in a foreign court;" alleged that said quoted provisions of the Norwegian maritime law were applicable to the rights and obligations of said libelant, said respondent vessel, and said claimant; alleged that in addition to such provisions of the Norwegian maritime law, there was at the time of said libelant's alleged injuries in force in Norway, a Workman's Compensation Act known as the Law of August 18, 1911, relating to the insurance of seamen against accidents, providing for compensation insurance from a state administered fund for injured Norwegian seamen, and for foreign seamen injured on Norwegian vessels, and providing that if an accident renders it necessary to send an injured seaman to a hospital, the Royal Accident Insurance Office of Norway will make payment of the expenses connected with the treatment and maintenance of such injured seaman, even though he be a foreigner, without possessing or claiming any right to reimbursement from the owner of the ship upon which such injury occurred,

and further providing in the first paragraph of Section 32 of said law that "accidents coming within the scope of this law" (of which the accident to libelant is one) "impose no obligation upon the owner, master, or other officer of the ship concerned to pay personally, or out of the ship's estate, any compensation, unless it has been proved by a penal sentence that one or the other of said persons has caused the injury through intent or through gross negligence;" and alleged that said libelant had heretofore received hospital care and been maintained at the expense of over \$1800.00 (Ex. Tr.).

On May 28, 1924, hearing was had in that cause by United States District Court for the District of Oregon, Honorable Robert S. Bean, judge presiding, at which hearing oral testimony and written depositions were offered, received and considered upon the issues presented by the exceptions and the exceptive allegations of such Norwegian Consul, and upon the issues presented upon the amended libel of libelant and the answer thereto of the respondent in personam, Asiatic American Steamship Company, and the answer thereto of claimant, B. Stolt Nielsen & Company, Inc. (Ex. Tr.).

As a result of such pleadings and the evidence received by said court at such hearing, there was entered by said court its decree on June 2, 1924, whereby said amended libel of libelant was dismissed, said decree reading as follows:

"This case, having come on for trial the 28th day of May, 1924, upon the amended libel and the answers thereto of the claimant and the

respondent Asiatic American Steamship Company, and the Norwegian Vice Consul, Mr. E. P. Slovarp, appearing and requesting that the court refrain from taking jurisdiction of the case, and the court having heard the testimony of witnesses and the arguments of counsel,

“It is now CONSIDERED, ORDERED and DECREED that the amended libel be and the same is hereby dismissed, and that the claimant, and the respondent, Asiatic American Steamship Company, recover their respective costs and disbursements from the stipulators on libelant’s cost bond, namely, H. A. Holmes and W. A. Fortiner, and that execution issue therefor, the said costs and disbursements being hereby taxed at \$..... for the claimant, and \$27.15 for the said respondent.

“Dated June 2, 1924.

“R. S. BEAN, Judge” (Ex. Tr.)

From the foregoing final decree, no appeal was ever taken by Peter Van der Weyde, nor any other party litigant in such former cause; and no application for review of said decree by any appellate court was ever made (Ex. Tr.).

For the period of seven years following such decree in the former suit it appeared that litigation upon the claims of Peter Van der Weyde had ended. Then, on April 18, 1931, through the same proctor acting in the former suit, he, as libelant, instituted the present cause by admiralty libel in rem, filed in the United States District Court at Tacoma against the same vessel (at this date the steamship “Taigen

Maru"), based upon the same cause of action (R. 3-8).

As before, the libel sought to recover damages (inclusive of wages, maintenance and cure) for personal injuries alleged to have been suffered as the result of unwholesome food, and as the result of a fall on or about May 16, 1922, through an open, unguarded, unlighted hatch, while libelant was employed as a seaman on the high seas (R. 3-8).

On April 25, 1931, the subsequent owner of the respondent vessel, Ocean Transport Co., Ltd., a Japanese corporation, being the present appellee, filed claim of ownership, together with its release bond, upon which, as previously, the respondent vessel was released from the custody of the U. S. Marshal, under a process issued upon said libel in this cause (R. 9-17).

Upon December 12, 1932, claimant, Ocean Transport Co., Ltd., filed exceptions to said libel and alleged and showed: (1) the cause of action set forth in the earlier admiralty libel in rem, filed in the United States District Court at Portland; (2) the claim to and the release of the respondent vessel upon bond filed by the former owner; (3) the answer of such owner to the libel; (4) the depositions of witnesses filed; (5) the intervention of the Norwegian Consul at Portland; (6) the exceptive allegations of such Consul; (7) the amended libel of Peter Van der Weyde; (8) the answer of the newly impleaded respondent in personam; (9) the answer of the Norwegian owner to the amended libel; (10) the hearing before the court upon said pleadings; (11) the final



decree of the court upon June 2, 1924, dismissing the case of Peter Van der Weyde, with costs; (12) the fact of no appeal or review before any appellate court; and (13) the complete identity of the libellant, Peter Van der Weyde, his cause of action, and the respondent vessel, both in that former suit and in the present suit (R. 21-28).

Under stipulation of proctors, material parts of the record in the former suit, certified by the clerk, were filed in the present suit as an exhibit to and as a part of claimant's said exceptions (R. 37).

From these recitals it is obvious that claimant, by its exceptions in the pending cause, fortified by certified record from the prior cause, pleaded the bar of *res judicata*.

Also, upon December 12, 1932, the Norwegian Consul at Seattle, intervention having been allowed by order of court, filed exceptive allegations (R. 18-20) which alleged and showed: (1) that the respondent vessel, in May, 1922, was Norwegian in nationality and ownership; (2) that Peter Van der Weyde was a subject of the Netherlands; (3) that under the general maritime law, being a member of the crew of a Norwegian ship, under Norwegian articles, his rights and obligations as a seaman were determined by the Norwegian law; (4) that, according to the provisions of the Norwegian law (quoted *verbatim*) disputes between a seaman and the vessel or its master were to be settled by the Norwegian Consul, and liability for illness or injury of the seaman rested upon the government treasury and not upon the owner of the vessel, under the Seamen's Compen-

sation Act of August 18, 1911; (5) that the articles of employment, signed by Peter Van der Weyde, expressly agreed that his rights and obligations be determined by the Norwegian law, and that any dispute be decided by the Norwegian Consul, and be not decided by any foreign court in any foreign country; (6) that Peter Van der Weyde had received medical, nursing and hospital care in Astoria, to the extent of approximately \$2,000, at the expense of B. Stolt Nielsen & Company, Inc., former owner, and the Norwegian government; (7) that the provisions of the Norwegian law and of the ship's employment articles, signed by Peter Van der Weyde, had been proved and established in the earlier litigation before the United States District Court at Portland, as shown by the certified copy of the record transferred to the present cause on stipulation; (8) that although the respondent vessel was now of Japanese nationality and was no longer of Norwegian nationality, the Norwegian Consul was still officially concerned in this cause because the former owner, B. Stolt Nielsen & Company, Inc., in making sale to the present Japanese owner, warranted said vessel to be "free from all debts and incumbrances" (R. 29-36).

On January 9, 1933, the present cause came on for hearing, in the absence of proctor for Peter Van der Weyde, upon exceptions to the libel filed in behalf of claimant, and upon the exceptive allegations filed in behalf of the intervenor, the Norwegian Consul. At the conclusion of argument, the court announced from the bench a ruling, declining to take jurisdic-

tion and directing presentation of an order of dismissal (R. 38).

Subsequently, on January 23, 1933, on presentation of order of dismissal, libelant, claimant, and the Norwegian Consul all being represented in open court by proctors of record, the favorable ruling of the court, previously announced upon the exceptive allegations of the Norwegian Consul, was waived, and the court heard argument in behalf of libelant, in behalf of claimant, and in behalf of intervenor. Thereafter, the court again announced that it declined to entertain jurisdiction, libelant, however, being given leave to file further affidavit prior to the order of dismissal being signed (R. 39).

Thereafter, on January 26th, 1933, there was filed in behalf of libelant, Peter Van der Weyde, response to the exceptive allegations of the Norwegian Consul, by which the allegations of paragraph I were admitted to the effect that the intervenor in the present cause was the Norwegian Consul at Seattle; by which the allegations of paragraph II were admitted, to the effect that the respondent vessel, now the steamship "Taigen Maru", was formerly the steamship "Luise Nielsen" of Norwegian nationality; by which the allegations of paragraph III were admitted to the effect that libelant, Peter Van der Weyde, was a subject of the Netherlands; by which the allegations of paragraph IV were admitted to the effect that libelant was a member of the crew of the respondent vessel while a Norwegian steamship, and that his rights and obligations as a seaman were governed and determined by the Norwegian law; by which the al-

legations of paragraph V were admitted to the effect that libelant under the Norwegian law and as a member of a Norwegian crew, if taken ill or injured, should lawfully have been delivered over to the Consul at Portland for care, for settlement of any claims and for adjustment of any disputes he might have with the vessel or its master; and to the effect that the decision of the Consul should be binding upon libelant and the vessel or its master until the matter could be brought before a Norwegian court of justice; by which the allegations of paragraph VI were admitted, to the effect that the articles of employment with the respondent vessel, signed by libelant, contained a clause making determinative of libelant's rights and obligations as a seaman the Norwegian law of July 20, 1893, and another clause requiring that any disagreement under the contract be temporarily decided by the Norwegian Consul, and be not decided in a foreign country by a foreign court; by which the allegations of paragraph VII were admitted, to the effect that under the Norwegian Seamen's Compensation Act, known as the law of August 18, 1911, effective at the time of libelant's alleged injuries in May, 1922, libelant was entitled to compensation from a state administered insurance fund, but was not entitled to assert any liability against the respondent vessel or its owner, except following imposition of a penal sentence, based upon a wrong inflicted thought intent or gross negligence; by which the allegations of paragraph VIII were admitted, to the effect that libelant had received medical, nursing and hospital care at Astoria, Oregon, at the expense

of the former Norwegian owner of the respondent vessel and the Norwegian government, in a sum approximating \$2,000; and by which the allegations of paragraph IX were admitted, to the effect that the Norwegian law, as alleged by exceptive allegations of the Norwegian Consul and the articles of employment signed by libelant, as alleged by the exceptive allegations of the Norwegian Consul, had been proven and established in the former cause, when pending before the United States District Court at Portland (R. 40-46).

Also on January 26, 1933, in addition to response to exceptive allegations of the Norwegian Consul, libelant filed separate response to claimant's exceptions; however, this response was excluded from the praecipe for transcript and hence does not appear in the apostles on appeal—possibly because of numerous admissions therein made by libelant. The response not being in the record on appeal would not be mentioned except for reference to favorable portions made by brief of appellant, to which appellee takes exception.

Following the filing of libelant's response to exceptive allegations of the Norwegian Consul and response to exceptions of claimant containing numerous admissions, order of dismissal pursuant to previous ruling by the court was entered on January 28, 1933, the substantive part of which reads as follows:

“The above entitled cause having duly and regularly come on for hearing upon January 9th and 23rd, 1933, before the above entitled court, the undersigned judge presiding, upon

the exceptive allegations of the intervenor, C. Stang Anderson, as Consul of the Kingdom of Norway, and upon the exceptive allegations of the claimant, Ocean Transport Co., Ltd., upon the latter date, libelant appearing by his proctor, William P. Lord, and orally responding to such exceptive allegations, and having been allowed further time in which to reduce to writing and file such responses, and such having been done, and the court having given consideration to the consular protest against jurisdiction being entertained in the above entitled cause, and libelant's response thereto, and having concluded that, in the exercise of its discretion, the court should not hear said cause upon the merits;

“Now, therefore, it is hereby ORDERED:

“(1) That said cause be, and the same hereby is, dismissed;

“(2) That the release bond and the stipulations for cost, filed by said claimant and said intervenor, be, and they hereby are, discharged and the sureties thereon exonerated;

“(3) That said intervenor and said claimant have and recover from the libelant lawful costs hereafter to be taxed.

“Done this 28th day of January, 1933.

“EDWARD E. CUSHMAN,

“Judge.” (R. 47)

Subsequently, on April 11, 1933, after due hearing upon claimant's motion to tax costs and libelant's motion to disallow costs, order of court was entered

allowing costs as taxed against libelant and in favor of claimant, in the sum of \$342.05 (R. 50).

Shortly following, on April 21, 1933, notice of appeal from such order of dismissal was filed in the United States District Court at Tacoma, together with assignment of errors (R. 51, 52).

Thereafter, on or about August 21, 1933, this court entered an order granting to Peter Van der Weyde, as appellant, agreeably to the provisions of the federal statute applicable to seamen, the right to prosecute this appeal in *forma pauperis*. As interpreted by proctor for appellant, this order relieved appellant from preparing any copies of apostles, inclusive of the transcript of the proceedings in the United States District Court at Portland, together with the exhibits therein filed.

Hence, for convenience, the foregoing restatement of the brief of appellee has been extended to include, in chronological order, more detail than would otherwise have seemed appropriate.

### **APPELLANT'S ASSIGNMENT OF ERRORS**

By the assignment of errors filed in behalf of Peter Van der Weyde, appellant contends on this appeal as follows:

“(1) The court erred in dismissing said cause;

“(2) The court erred in holding that jurisdiction between the libelant and the intervenor, C. Stang Anderson, as Consul of the Kingdom of

Norway, was a discretionary jurisdiction in the court.

“(3) The court erred in entertaining the exceptive allegations and in not requiring the claimant and respondent and intervenor to answer.” (R. 52)

The assignment of errors rather unusually concluded with a prayer, reading:

“Wherefore, libellant prays that the decree herein be reversed, and that the court try this cause *de novo* in this court and award libellant such damages as he has sustained by reason of the wrongful acts complained about in the libel.” (R. 52)

Even though an assignment of errors does not customarily end with a prayer, it is little less than startling that the appellant should in any manner ask this court upon the appeal to try *de novo* a question that has had no opportunity for submission in the lower court, and has not, by orderly procedure, been there determined. In this cause the proceedings terminated in the trial court by order of dismissal, resulting from protest by a foreign consul as to the exercise of jurisdiction, before any ruling was made upon the exceptions to the libel filed in behalf of the respondent vessel by appellee as claimant, and before orderly conduct of the case required the filing of an answer in behalf of such respondent vessel by the appellee.

In passing, it perhaps should be observed that when interposing its exceptions to the libel, appellee sought



and reserved the right to answer on the merits by its concluding prayer (R. 28).

Whatever other order may be entered by this court on the present appeal, it would seem manifestly unfair to deny appellee a hearing in the lower court upon its exceptions to the libel, pleading the bar of *res judicata*, yet undecided by the lower court, and to deny appellee its right to answer the libel on the merits and try the issues raised thereby.

This court has set for itself precedent contrary to the request of appellant, in the case of *Krauss Bros. Lumber Company v. Dimon Steamship Corporation*, 61 Fed. (2d) 187 (C. C. A. 9), wherein it withdrew an original award of damages upon subsequent petition for modification, showing that the appellee had no opportunity to file an answer, because the appeal had resulted from an order of dismissal upon exceptions to jurisdiction. The record in that case contained no previous disclosure of a desire by the appellee to file an answer; as noted, the record in the present case not only contains an express reservation of the right to answer, but it also contains exceptions to the libel filed in behalf of the respondent vessel by appellee, raising the defense of *res judicata*, not yet decided below.

Further consideration of appellant's assignment of errors discloses more confusion, requiring clarifying explanation. The third error assigned by appellant says: "The court erred in entertaining the exceptive allegations and in not requiring the claimant and respondent and intervenor to answer."

In view of the record, this complaint as to the

conduct of the lower court seems hardly clear. Of course the respondent in this case is the steamship "Taigen Maru", incapable of a defense except through its claimant, the appellee. Appellee filed a pleading denominated "Claimant's Exceptions to Libel", raising the bar of *res judicata*. The Norwegian Consul, as intervenor, filed a pleading called "Exceptive Allegations", raising the question of jurisdiction. The lower court was never required to make any ruling upon appellee's exceptions because it decided favorably to the Norwegian Consul upon his exceptive allegations that in the exercise of sound discretion the court should not entertain jurisdiction of the cause.

Verification of the extent of the trial court's action is found in the recital of the dismissal order, from which this appeal was taken, reading:

"\* \* \* and the court having given consideration to the consular protest against jurisdiction being entertained in the above entitled cause, and libelant's response thereto, and having concluded that, in the exercise of its discretion the court should not hear said cause upon the merits, now therefore, it is hereby ORDERED:

"(1) That said cause be and the same hereby is dismissed." (R. 47)

In other words, despite confusion created by the assignment of errors, the only question that can properly be raised by appellant for determination on this appeal is whether the trial court erred by recognizing the protest of the Norwegian Consul, and, upon the prayer of his exceptive allegations, entering

an order of dismissal in discretionary refusal to entertain jurisdiction.

The labor of this clarifying explanation would have been deemed unnecessary, except for continued confusion in the brief of appellant, where much effort is devoted to an attempt to persuade this court that appellant's libel is not vulnerable to the defense of *res judicata*, raised by appellee's exceptions still undetermined, and is not vulnerable to the defense of *laches*, which, as yet, has not been pleaded, and could not properly be pleaded by appellee except in its answer on the merits.

While appellant's libel for damages is surrounded with facts in the record, saturated to the dripping point with the obvious defenses of *res judicata* and *laches*, it remains that the brief of appellant is not justified in anticipating these defenses. And notwithstanding much argument in the brief of appellant, treating of these defenses, it finally does concede that the only question which appellant can raise is that of the trial court's discretionary refusal to entertain jurisdiction on the consular protest.

Brief of appellant (p. 11) says:

"The court refused to take jurisdiction upon consideration of the consular protest, and found that it should not hear the cause on the merits. No other question was considered by the court, but an express finding is made by the court that it would not exercise its discretion in retaining jurisdiction."

Thus far, of necessity, the brief of appellee has been concerned solely with statements intended to

assist the court in an understanding of the history of the cause and of the condition of the record on this appeal. It now becomes appropriate to consider the reasons why the order of dismissal, entered by the lower court, was correct and should be affirmed by this court.

### POINTS AND AUTHORITIES

1. Federal courts will not hear a cause on the merits in the absence of jurisdiction; and where a federal court has no jurisdiction over the subject matter, objection to jurisdiction may be urged at any time in the trial court or in the appellate court; and even in the absence of objection, it is the duty of the court, on its own motion, to dismiss a case of which it has no jurisdiction.

- 1 *Benedict on Admiralty*, 5th Ed., Sec. 235;  
*Cutler v. Rae*, 7 How. 730; 12 L. ed. 890;  
*Mansfield, etc. Co. v. Swan*, 111 U. S. 379;  
 28 L. ed. 462;  
*Minnesota v. Northern Securities Co.*, 194  
 U. S. 48; 48 L. ed. 870;  
*Chicago, etc. Co. v. Willard*, 220 U. S. 413;  
 55 L. ed. 521;  
*United States v. Mayer*, 235 U. S. 55; 59 L.  
 ed. 129;  
*The Dredge Lisbon*, 3 Fed. 2d 408 (C. C. A.  
 9);  
*The White Squall*, Fed. Cas. 17570 (C. C.);  
*The Monte A.*, 12 Fed. 331 (D. C.);

*The John C. Sweeney*, 55 Fed. 540 (D. C.);  
*The Lindrup*, 70 Fed. 718 (D. C.);  
*The Oceano*, 148 Fed. 131 (D. C.);  
*The Washington*, 296 Fed. 158 (D. C.);  
*The Amsadoc*, 1923 A. M. C. 1017 (D. C.);  
*Crawford v. Ocean Carriers Co.*, 1924 A. M. C. 45 (D. C.).

2. The Norwegian law, being the law of the ship's flag, applies to a claim of a Dutch seaman, employed under Norwegian articles, injured aboard a Norwegian vessel on the high seas; and, since under the Norwegian law no lien against the vessel exists, the court is without jurisdiction of the subject matter.

*Crapo v. Kelly*, 16 Wall. 610; 21 L. ed. 430, 436;  
*Mali v. Keeper of Common Jail*, 120 U. S. 1; 30 L. ed. 565; 567;  
*In re Ross*, 140 U. S. 453; 35 L. ed. 581, 589;  
*United States v. Rodgers*, 150 U. S. 249; 37 L. ed. 1071, 1077;  
*Patterson v. The Endora*, 190 U. S. 169; 47 L. ed. 1002, 1007;  
*The Hamilton*, 207 U. S. 398; 52 L. ed. 264;  
*Grand Trunk Ry. Co. v. Wright*, 21 Fed. (2d) 815 (C.C.A. 6);  
*The Falco*, 20 Fed. (2d) 362 (C.C.A. 2);  
*U. S. S. B. v. Greenwald*, 16 Fed. (2d) 951 (C.C.A. 2);  
*The Hanna Nielsen*, 273 Fed. 171 (C.C.A.2);  
*Rainey v. New York, etc. Co.*, 216 Fed. 449, 454 (C.C.A. 9);

- Thompson etc. Ass'n. v. McGregor*, 207 Fed. 209 (C.C.A. 6);  
*The European*, 120 Fed. 776, 780 (C.C.A.5);  
*Navarino*, 7 Fed. (2d) 743, 744 (D.C.);  
*Wenzler v. The Robin Line Steamship Co.*, 277 Fed. 812 (D. C.);  
*The Cuzco*, 225 Fed. 169, 175 (D. C.);  
*The Esther*, 190 Fed. 216, 219 (D. C.);  
*The Belvidere*, 90 Fed. 106 (D. C.);  
*The Welhaven*, 55 Fed. 80 (D. C.);  
*The Marie*, 49 Fed. 288 (D. C.);  
*The Egyptian Monarch*, 36 Fed. 773, 774 (D. C.);  
*Wilson v. The John Ritson*, 35 Fed. 663 (D. C.);  
*Resigno v. Jarka Co.*, 162 N. E. 13 (N. Y.);  
*Clark v. Montezuma*, 1926 A. M. C. 594 (N. Y.).

3. Even if a lien against the vessel did originally exist, nevertheless, no jurisdiction of the subject matter in this present cause was ever acquired by the lower court or by this court, because the respondent vessel was forever released from such lien by the bond or stipulation to abide and pay the decree, filed in the former suit pending before the United States District Court at Portland.

- Hughes on Admiralty, pp. 407, 408;  
 1 Corpus Juris, 1306;  
 1 Benedict on Admiralty, 5th Ed. Sec. 364;  
*United States v. Ames*, 99 U. S. 35; 25 L. ed. 295;

- The Haytian Republic*, 154 U. S. 118; 38 L. ed. 930;
- The Union*, Fed. Cas. 14346 (C. C.);
- The White Squall*, Fed. Cas. 17570 (C. C.);
- The Fred M. Lawrence*, 94 Fed. 1017 (C. C. A. 2);
- The I. F. Chapman*, 241 Fed. 836 (C. C. A. 1);
- The Susana*, 2 Fed. 2d 410, 412 (C. C. A. 4);
- Gray v. Hopkins-Carter, etc. Co.*, 32 Fed. 2d 877 (C. C. A. 5);
- United States v. Davidson*, 50 Fed. 2d 517 (C. C. A. 1);
- The Old Concord*, Fed. Cas. 10482 (D. C.);
- The Josephine*, Fed. Cas. 12663 (D. C.);
- The Thales*, Fed. Cas. 13855 (D. C.);
- The Nahor*, 9 Fed. 213 (D. C.);
- The William F. McRae*, 23 Fed. 557 (D. C.);
- The Cleveland*, 98 Fed. 631 (D. C.);
- Lamprecht, et al., v. Cleveland, etc. Co.*, 291 Fed. 876 (D. C.);
- Re: John B. Rose Co.*, 254 Fed. 367 (D. C.);
- The Gasconier*, 8 Fed. 2d, 104 (D. C.);
- The Comanche*, 47 Fed. 2d 331 (D. C.);
- Welding Co. v. Gotham Marine Corp'n.*, 47 Fed. 2d 332 (D. C.);
- Red Star etc. Co. v. Tug Forest E. Single*, 1933 A. M. C. 1488 (D. C.);
- The Greyhound*, 4 Fed. Sup. 184 (D. C.);
- The Nightingale*, 4 Fed. Sup. 494 (D. C.);

*The Phantasy*, 4 Fed. Sup. 920 (D. C.);

*The Cayuga*, 6 Fed. Sup. 280 (D. C.);

4. Under the treaty between the Kingdom of Norway and the United States, the Norwegian Consuls are granted authority "to sit as judges and arbitrators" to determine the claims of seamen against Norwegian vessels, and the admiralty courts of this country are bound, without exercise of discretion, to dismiss such suits in recognition of consular jurisdiction.

Treaty of Commerce and Navigation, 1827, between the United States and the Kingdom of Sweden and Norway — Article XIII, Vol. 2, Treaties, Conventions, International Acts, Protocols and Agreements between the United States and other Powers, 1776-1909, pp. 1748, 1775;

*The Belgenland*, 114 U. S. 355, 364; 29 L. ed. 152, 155;

*Heredia v. Davies*, 12 Fed. (2d) 500, 501 (C. C. A. 4);

*The Marie*, 49 Fed. 286 (D. C.);

*The Welhaven*, 55 Fed. 80 (D. C.);

*The Esther*, 190 Fed. 216, 221;

*The Sarpfos*, 1924 A. M. C. 347 (D. C.);

*The Cambitsis*, 14 Fed. (2d) 236 (D. C.);

26 R. C. L. pp. 925, 926.



5. Even in the absence of treaty granting consular authority, the exercise of jurisdiction by federal courts over admiralty suits involving a claim by a foreign seaman against a foreign vessel is discretionary; such jurisdiction will not be maintained over the protest of a foreign consul, except when, in the exercise of sound discretion, it is necessary to prevent actual injustice; and the refusal to maintain jurisdiction in a particular case will not be disturbed in the appellate court except for abuse of discretion by the trial court.

*Ex Parte Newman*, 81 U. S. 152, 168, 169;  
20 L. ed. 877, 880;

*The Belgenland*, 114 U. S. 355, 368; 29 L.  
ed. 152, 157;

*The Falco*, 20 Fed. (2d) 362 (C. C. A. 2);

*The Modjokerto*, 1931 A. M. C. 2006 (D.C.);

*Ulrich v. North German Lloyd*, 1929 A. M.  
C. 109 (D. C.);

*The Manchurian Prince*, 1928 A. M. C. 1320  
(N. Y. Ap. Div.);

*The Knappingsborg*, 26 Fed. (2d) 935 (D.C.);

*The Ferm—The Boheme*, 15 Fed. (2d) 887  
(D. C.);

*The Heracles*, 1926 A. M. C. 1231 (D. C.);

*The New Texas*, 1926 A. M. C. 1514 (D. C.);

*The Strathlorne*, 1926 A. M. C. 1384 (D.C.);

*The Thorgerd*, 1926 A. M. C. 404 (D. C.);

*The Bifrost*, 8 Fed. (2d) 361 (D. C.);

*The Koenigin Luise*, 184 Fed. 170 (D. C.);

*The Albani*, 169 Fed. 220 (D. C.).

## ARGUMENT

As disclosed by the foregoing outline of points and authorities, appellee on this appeal is not urging against appellant's libel the defenses of *res judicata* and laches, because the trial court's order of dismissal was not based upon those defenses. Therefore, much of the brief of appellant is extraneous to questions requiring consideration.

The ruling of the District Judge was formulated on the theory that the lower court held jurisdictional authority over this cause, but that the character of the case was such as to clothe that authority with discretion to accept or refuse hearing on the merits. Appellee agrees that the dismissal was correct, but appellee urges that actually the court below, and hence this court, never acquired jurisdiction of the subject matter of this cause. If this stand is well grounded, the authorities heretofore listed illustrate the applicable principle, well entrenched, that not only is appellee's objection to jurisdiction timely, though first made on appeal, but the appellate court's duty, apart from objection by any litigant, is to dismiss.

In this case appellee contends there is no lien existent in favor of appellant against the respondent vessel. The present cause is solely *in rem* against the respondent vessel. There being no lien, then there is no subject matter of which the court ever obtained jurisdiction.

The existence of the lien is jurisdictional in a proceeding *in rem*, as reflected by numerous decisions, including the recent opinions of the United States Su-

preme Court in *Krauss Bros. Lumber Co. v. Dimon Steamship Corp'n.*, 78 L. ed. 91 (Nov. 13, 1933); in *Plamals v. Pinar del Rio*, 277 U. S. 151, 155; 72 L. ed. 827, 829, affirming 16 Fed. (2d) 985 (C.C.A. 2); and in *U. S. v. Mt. Shasta*, 274 U. S. 469; 71 L. ed. 1156.

Why is no lien available to appellant in this case against the respondent vessel? First: Because appellant's rights and the vessel's obligations are governed by the Norwegian law, which creates no lien. Second: Because even if a lien did originally exist, the respondent vessel was forever freed by stipulated release from custody after seizure under appellant's libel in the former suit at Portland.

With respect to the first point, appellant was an alien; he went aboard the Norwegian vessel for a voyage to the Orient; he signed Norwegian articles expressly subjecting him to the Norwegian law (Ex. Tr.); he became a Norwegian seaman. While so employed, he suffered an accident on the high seas "about six days out from Astoria, Oregon" (R. 3).

On these facts, it is immaterial that the employment contract was signed in an American port, that appellant had been living in this country, and that the vessel was seized in a court of the United States. As settled by the maritime decisions, the law of the ship's flag fixes the rights and obligations resulting from such an accident.

From the broad field of available decisions, only a portion of which are cited herein, it would seem sufficient to quote from only two opinions.

In an old case considered by the Supreme Court the

facts were much more favorable to a ruling denying the operation of the law of the ship's flag than in the present case because the litigation resulted from a murder committed aboard a foreign vessel in an American port, while here the litigation results from an accident aboard a foreign vessel on the high seas outside of the territorial jurisdiction of this country.

In deciding the former case, the Supreme Court said:

“From experience, however, it was found long ago that it would be beneficial to commerce if the local government would abstain from interfering with the internal discipline of the ship and the general regulation of the rights and duties of the officers and crew towards the vessel or among themselves. And so by comity it came to be generally understood among civilized nations that all matters of discipline and all things done on board which affected only the vessel or those belonging to her, and did not involve the peace or dignity of the country, or the tranquility of the port, should be left by the local government to be dealt with by the authorities of the nation to which the vessel belonged as the laws of that nation or the interests of its commerce should require.”

*Mali v. Keeper of Common Jail*, 120 U. S. 1; 30 L. ed. 565 at 567.

Disregarding numerous other decisions of the Supreme Court, reference is made to former opinion of this appellate court wherein it was said:

“When Rainey, although a citizen of the state

of Washington, went before the British consul at Seattle and signed the shipping articles, and thereupon stepped upon the British ship flying the British flag as a member of its crew, as the record shows he did, he stepped upon British territory and became entitled to the protection and benefit of all British law in behalf of British seamen, and subject to all of its obligations and liabilities.”

*Rainey v. New York etc. Co.*, 216 Fed. 449  
at 454 (C. C. A. 9).

And now it becomes appropriate to inquire as to the law of Norway relative to the present controversy. So far as material, the applicable Norwegian law has been established in the record as conceded by appellant. The foreign law and the provisions relative thereto contained in the ship's articles, signed by appellant, as already summarized herein, were set forth by the exceptive allegations of the Norwegian Consul (R. 30-34). The statements contained in such exceptive allegations as to such articles and such Norwegian law were admitted by appellant's response thereto (R. 40). Appellant even admitted that the articles, and material provisions of the law, had been previously proven in the former litigation when pending at Portland. In this latter regard the response of appellant (R. 40) admitted paragraph IX of the exceptive allegations filed by the Norwegian Consul, which read as follows:

“That all of the foregoing facts in respect to the several provisions of the Norwegian law, the ship's articles, and the relief afforded to libel-

ant, have been disclosed and established by sworn testimony of record in the former admiralty cause, instituted by the same person who is libelant here against the same steamship which is respondent herein (then named the S. S. 'Luise Nielsen') such former admiralty cause being No. A-9008 in the United States District Court for the District of Oregon, entitled 'Peter Van der Weyde, libelant, vs. the Steamship Luise Nielsen, etc., respondent, a certified copy of the record in which cause has been transferred to the present cause and made a matter of record herein.' (R. 34)

The Norwegian law, as proved in the present cause, does not afford libelant a lien against the respondent vessel, since the Norwegian Seamen's Compensation Act, known as the law of August 18, 1911, provides insurance for seamen against accidents, the money being available from a state administered compensation fund, and since that act contains provision to the effect that "accidents coming within the scope of this law (of which the accident to libelant in the present cause is one) impose no obligation upon the owners, master or other officer of the ship concerned to pay personally or out of ship's estate any compensation, unless it has been proved by a penal sentence that one or the other of such persons has caused the injury with intent or through gross negligence" (R. 33). Needless to say, the exception contained in the Norwegian law is not applicable as to appellant's case because the facts necessary to bring the exception into operation have never existed, and appellant, him-

self, has not even contended that the exception should be invoked in his favor.

In this case not only has the existence of the Norwegian Seamen's Compensation Act been established as controlling law, but likewise it has been proved that appellant has actually received benefit thereunder afforded by the Norwegian government in the medical, nursing and hospital care furnished in Astoria, Oregon, at governmental expense (R. 33, 40).

Before passing to other considerations, it may not be inappropriate to observe that maritime decisions of the courts can be located, applying the maritime law of the United States to claims of American seamen sustaining injuries in American ports on foreign vessels; but all such cases involve very different facts from the facts appearing in this case; and one most essential difference of fact usually is that the applicable foreign law of the ship's flag has not been established by the record.

In discussing the second reason for the non-existence of any lien in favor of appellant against the respondent vessel, it is essential to examine our own maritime law. Authoritative and reasoned decisions have concluded that once a vessel has been seized on admiralty process *in rem*, and has been released from custody by bond or stipulation, not vitiated by fraud, the vessel is wholly and forever purged of the lien and may not be again subjected to seizure in the same or any other suit based upon the original cause of action. The theory of the cases upon the subject is that the indefinite continuation of secret liens should not be encouraged, and that the ship having been once im-

pounded, is completely freed therefrom by the substitution of other security for the lienable cause of action. The principle is applied not only to demands of private citizens, but also to governmental claims of penalty and forfeiture against vessels, as shown by the citations previously listed in this brief.

The application of this doctrine in the present case is clear. It is not disputed that the appellant in the present case was libelant in the former case. It is not disputed that the respondent vessel here was the respondent vessel there. Likewise, it is not disputed that the respondent vessel was seized and released on bond or stipulation in the former admiralty suit, commenced by appellant at Portland, transcript from which is an exhibit in the record before this court (Ex. Tr.). Any careful examination of the libel and amended libel in the former litigation (Ex. Tr.), coupled with comparative scrutiny of the libel in this cause (R. 3-8) shows the identity of the cause of action involved in both cases.

In each instance appellant sued, by admiralty libel *in rem* against the respondent vessel, to recover damages (inclusive of wages, maintenance and cure) for personal injuries alleged to have been suffered as the result of unwholesome food and as the result of a fall on or about May 16, 1922, through an open, unguarded, unlighted hatch, while employed aboard said vessel on the high seas.

It is true that by the libel in the pending litigation the amount of damages claimed by appellant is greater than the amount of damages claimed by him as libelant in the case begun at Portland in September, 1922.



However, the authorities listed to the point in this brief demonstrate that the difference in the amount of damages sought is immaterial, as not affecting the principle of the vessel's immunity from repeated seizure. It is also true that by the libel in the present cause appellant's proctor has separately pleaded appellant's claim for wages as an element of damage. However, recovery of wages lost was sought by the libel previously filed in behalf of appellant at Portland. Certainly the elements of appellant's cause of action here, and the cause of action alleged in the former suit, are not different because items of recoverable damage first were grouped together and later segregated by the pleader. The libel filed in Portland expressly sought to make recovery of lost wages. Even were the item not specifically mentioned, appellant's former libel to recover damages by way of indemnity was inclusive of his right to recover for wages, maintenance and cure. This principle has been authoritatively recognized.

*Pacific Steamship Co. v. Peterson*, 278 U. S. 130; 73 L. ed. 220;

*Lippman v. Romich*, 26 Fed. (2d) 601 (C. C. A. 9);

*Roebling Sons Co. v. Erickson*, 261 Fed. 986, 988 (C. C. A. 2).

With this principle of law in mind, it is readily apparent that there is no difference between the cause of action alleged in behalf of appellant in the former litigation and the cause of action upon which he seeks recovery here. The only difference between the libels filed in the former case and the libel now under

consideration is a difference of immaterial, superfluous detail.

To avoid the possibility of confusion, appellee is not now pressing the defense of *res judicata*, but is urging the immunity of the respondent vessel from any maritime lien in this case requisite to give jurisdiction over the subject matter of the cause. Although to some extent the elements necessary to the two contentions are coincident, the successful plea of *res judicata* requires the existence of a former judgment, while, in contrast, immunity from seizure of a vessel, based on previous attachment and release, is in some respects more analogous to the criminal bar of "former jeopardy", wherein a judgment is unnecessary.

Despite the elemental differences between the plea of *res judicata* and the jurisdictional bar of immunity, it is still fair to note that if appellant was not satisfied with the order of dismissal entered by Judge Bean in the United States District Court of Oregon, having substituted a bond or stipulation to abide and pay the decree, for the vessel itself, it was incumbent upon appellant to have appealed from the order of dismissal to keep available the security which appellant had voluntarily accepted.

For an additional reason appellee urges that in this cause no jurisdiction was ever acquired by either the lower court or this court.

When Sweden and Norway were a united kingdom, in 1827 a treaty was concluded with the United States, known as the Treaty of Commerce and Navigation. This treaty was ratified and proclaimed effective by the United States in 1828 (Vol. 2, Treaties,

Conventions, International Acts, Protocols and Agreements between the United States and other Powers, 1776-1909, Malloy, pp. 1748-1775). The treaty continued operative and binding at the time of appellant's accident in 1922, and thereafter until the effective date of superseding treaty between the Kingdom of Norway and the United States, signed June 5, 1928, as reflected by official publication of the United States, entitled "Treaty Series No. 852," issued at Washington in 1932 by the Superintendent of Documents.

By Article XIII of the treaty of 1827, in so far as material, it was provided:

"The consuls, vice consuls or commercial agents, or the persons duly authorized to supply their places, shall have the right as such to sit as judges and arbitrators in such differences as may arise between the captains and crews of the vessels belonging to the nation whose interests are committed to their charge, without the interference of the local authorities, unless the conduct of the crews or the captain should disturb the order or tranquillity of the country, or the said consuls, vice consuls or commercial agents should require their assistance to cause their decisions to be carried into effect or supported. It is, however, understood that this species of judgment or arbitration shall not deprive the contending parties of the right they have to resort, on their return, to the judicial authority of their country."

It is apparent from the foregoing provision of the Norwegian treaty that the Consul at Portland who

intervened in appellant's suit before the United States District Court of Oregon, had judicial authority to determine a dispute between appellant, as a Norwegian seaman and the Norwegian vessel upon which he claims to have suffered injuries at sea.

From the maritime decisions of the federal courts it likewise appears that, in the face of such a treaty, the admiralty courts do not have a jurisdiction which may, in the exercise of discretion, be accepted or rejected. Admittedly, in the absence of such a treaty, the admiralty courts possess jurisdiction, and are free to exercise discretion. However, in the presence of such a treaty, where a consular officer is available, the jurisdiction is possessed by the Consul and not by the admiralty court.

This conclusion is reflected by the United States Supreme Court in the much cited case of *The Belgenland*, 144 U. S. 355, 364; 29 L. ed. 152, 155. By this opinion the court said:

“Of course, if any treaty stipulations exist between the United States and the country to which a foreign ship belongs with regard to the right of the consul of that country to adjudge controversies arising between the master and crew, or other matters occurring on the ship exclusively subject to the foreign law, such stipulations should be fairly and faithfully observed.”

*The Belgenland*, 144 U. S. 355, 364; 29 L. ed. 152, 155.

The same principle is recognized by much more recent language, as follows:

“In the absence of treaty stipulation, the courts

of admiralty of the United States have jurisdiction of all matters appertaining to a foreign ship while in the ports of this country. (Citations)"

*Hereida v. Davies*, 12 Fed. (2d) 500, 501  
(C. C. A. 4).

The doctrine was recognized by the admiralty courts of this country many years ago, as illustrated by a decision dismissing a libel against a Norwegian vessel, filed by a seaman signing articles in an American port, wherein the opinion, after quoting from the same treaty, used the following language:

"This is the very case provided for in the treaty, of which the consul is thereby made the 'judge and arbitrator'; and this court, being a local authority, is prohibited from interfering with him."

*The Marie*, 49 Fed. 286, 288.

Subsequently, another federal court considered the identical treaty in a case instituted against a Norwegian vessel by an American citizen, and in its opinion said:

"The earnest desire of this court to afford to seamen every right and protection authorized by the law, and the sympathy I have with that class of people to which libellant belongs, strengthened by the able and impressive argument of his counsel, induced me to take for examination and careful consideration the matter and argument submitted, before a decision by the court denying the jurisdiction prayed for; but the consideration has only served to confirm the correctness of the decision of this court in the case of *The Burchard*,

42 Fed. Rep. 608, where it was held that one court had no jurisdiction in a case very similar to this one. In addition to that case, I cite, as sustaining the decision in this, *The Salomoni*, 29 Fed. Rep. 534; *The Marie*, 49 Fed. Rep. 286; *The Elwine Kreplin*, 9 Blatchf. 438; *In re Ross*, 140 U. S. 453, 11 Sup. Ct. Rep. 897."

*The Welhaven*, 55 Fed. 80, 81.

Somewhat later the same treaty was reviewed, with the same result, in a suit by a German seaman against a Swedish vessel. In concluding that the treaty deprived the admiralty court of jurisdiction, the well-reasoned opinion is too extended for full quotation; however, in recognition of the law established by the Supreme Court of the United States, it said:

"Where treaty stipulations exist, however, with regard to the right of the consul of a foreign country to adjudge controversies arising between the master and the crew, or other matters occurring on the ship exclusively subject to the foreign law, such stipulations are the law of the land, and must be fairly and faithfully observed."

*The Esther*, 190 Fed. 216, 221.

Of much more recent date is the opinion in a case involving a suit by a German seaman against a Greek vessel, where the treaty provision was similar to the provision of the Norwegian treaty. In this case the court said:

"The exclusion of the jurisdiction of the court, under the language of the Convention, provides that the consular officers of respective nations

shall alone take cognizance over differences between the captains, officers and crew, particularly in reference to the adjustment of wages, and no distinction is made between Greek seamen and other seamen upon Greek vessels. The want of jurisdiction is not subject to the discretion of the court on the ground that the libelant is a German and not a Greek seaman."

*The Cambitsis*, 14 Fed. (2d) 236, 237.

It is true that the Norwegian treaty was not, like the Norwegian statutes, established by the proofs in the present and in the former suit commenced by appellant. However, as distinguished from the laws of a foreign country, it is incumbent upon the federal courts to take judicial notice of treaties of the United States with foreign countries.

"A treaty, then, is a law of the land, as an act of Congress is, whenever its provisions prescribe a rule by which the rights of the private citizen or subject may be determined; and when such rights are of a nature to be enforced in a court of justice, the court resorts to the treaty for a rule of decision for the case before it, as it would to a statute. All courts, state and national, must take judicial notice of and be governed by a treaty of the United States."

26 R. C. L. 926.

If this court gives full recognition to the Norwegian treaty, in harmony with its obligation as announced by the Supreme Court of the United States, then it becomes immaterial whether under the Norwegian law a lien does or does not exist against the

respondent vessel, and it likewise becomes immaterial whether the respondent vessel was or was not purged of the lien by former seizure and release in the United States District Court of Oregon, for, irrespective of the rights and obligations between appellant and the respondent vessel under the Norwegian law, and irrespective of the rights of the respondent vessel to immunity under the maritime law of this country, the sole right to adjudicate the difference between appellant and the respondent vessel was within the jurisdiction of the Consul at Portland. And it appears conclusively from the record that not only was the Norwegian Consul officially present in the jurisdiction where appellant instituted his former suit, but that Norwegian Consul was ready and willing to act in his official capacity with respect to appellant's claims, and, in fact, did act, to the extent of securing for him a measure of assistance and relief. Whether or not such Norwegian Consul gave to appellant all the remedy to which he was entitled is for the Norwegian Consul or the tribunals of Norway to determine.

If any of the contentions which appellee has heretofore made in this brief are sound, it was the duty of the lower court to dismiss appellant's libel as a matter of judicial obligation rather than as a matter of discretion. However, for the sake of argument, it may be assumed that the District Court was clothed with discretion. Immediately arises the query as to the extent of this court's right to review and reverse a discretionary decision by a trial court. In this connection the Supreme Court of the United States has indicated that even it is somewhat restricted. In an



admiralty cause involving foreigners, wherein the District Court, in the exercise of discretion, had refused to accept jurisdiction, and the Circuit Court of Appeals had likewise concluded that jurisdiction should not be accepted, the opinion of the Supreme Court said:

“The retention of jurisdiction of a suit in admiralty between foreigners is within the discretion of the District Court. The exercise of its discretion may not be disturbed unless abused. (Citations) \* \* \* It was for the District Judge to consider the facts appearing and the inferences which he might draw from them, and reach his own conclusion as to the convenience of witnesses as well as the other factors upon which he decided that justice would be best served by leaving the parties to their suit in England.”

*Carter Shipping Co. v. Bowring*, 281 U. S. 515, 517, 518; 74 L. ed. 1008, 1010, 1011.

Appellant has assigned error (R. 52) because the trial court found the case presented a question of “discretionary jurisdiction.”

As appellee has already observed, if the trial court was in error in finding that its jurisdiction was discretionary, its error was not in dismissing the libel of appellant, but merely in failure to recognize its mandatory obligation to dismiss for want of jurisdiction.

However, still assuming that previous contentions of appellee with respect to jurisdiction are erroneous, then it is unquestionably the law of this case that the District Court was entitled, in the exercise of dis-

cretionary jurisdiction, to refuse to hear the case on the merits.

The maritime decisions supporting this doctrine are fairly innumerable, those previously cited in this brief being merely illustrative. Only a few need be quoted.

“Admiralty courts, it is said, will not take jurisdiction in such a case except where it is manifestly necessary to do so to prevent a failure of justice; but the better opinion is that, independent of treaty stipulation, there is no constitutional or legal impediment to the exercise of jurisdiction in such a case. Such courts may, if they see fit, take jurisdiction in such a case, but they will not do so as a general rule without the consent of the representative of the country to which the vessel belongs, where it is practicable that the representative should be consulted. His consent, however, is not a condition of jurisdiction, but is regarded as a material fact to aid the court in determining the question of discretion whether jurisdiction in the case ought or ought not to be exercised.”

*Ex parte Newman*, 81 U. S. 152, 168, 169;  
20 L. ed. 877, 880.

“As the assumption of jurisdiction in such case depends so largely on the discretion of the court of first instance, it is necessary to inquire how far an appellate court should undertake to review its action.”

*The Belgenland*, 114 U. S. 355, 368; 29 L. ed. 152, 157.

Upon reviewing the order of dismissal of the lower

court, this appellate court is bound to an affirmance unless it is forced to conclude that the trial court, acting arbitrarily, abused its discretion by rejecting jurisdiction. To determine the proper exercise of discretion, it becomes necessary to review all of the circumstances reflected by the record to the court below at the time of its action.

From the record it appeared to the District Court as follows: that appellant was an alien in this country, being a subject of the Netherlands; that at no time had he made any application to become a citizen of the United States; that appellant, in an American port, signed articles on a Norwegian vessel for a voyage to the Orient, during the course of which, outside the jurisdiction of the United States he was injured on the high seas, in May, 1922; that by such articles appellant expressly obligated himself in his relation to the respondent vessel to be bound by the Norwegian law; that such articles (R. 31) contained provision that disputes between appellant and the respondent vessel were to be referred to the Norwegian Consul, whose decision would be binding therein, until reviewed by a Norwegian court of justice; that within a few months following his accident, appellant instituted an admiralty suit before the United States District Court of Oregon for damages, wherein the Norwegian Consul intervened, objecting to exercise of jurisdiction, and praying that appellant's libel be dismissed and his claim be referred to the Consul for settlement under the Norwegian law; that in such previous litigation, Judge Bean considered not only the intervention of the

Norwegian Consul, but also considered the answer to appellant's libel, filed by the then owner of the respondent vessel, together with several depositions and numerous documentary exhibits submitted in behalf of the Norwegian steamship company; that the record in such former case reflected a complete and thorough knowledge on the part of the court before which the matter was pending, not only as to the attitude of the intervening Norwegian Consul, but also as to the merits of appellant's claims; that the result of the previous litigation was an order of dismissal, taxing costs against appellant and in favor of the Norwegian steamship owner and the Norwegian Consul; that the Norwegian Consul was not only able and willing to function in his official capacity, but that actually he had done so, securing for appellant substantial assistance and relief in the way of hospital, medical and nursing aid, to the extent of approximately \$2000; that under the applicable Norwegian law, appellant at no time had any lien against the respondent vessel, but was confined in his remedy to compensation available under the Norwegian Seamen's Compensation Act; that after dismissal of the former proceeding by the District Court of Oregon, appellant instituted no appeal therefrom; that after the termination of the former litigation, the present litigation was not commenced for a period of approximately seven years—1924 to 1931; that when the present litigation was begun, the respondent vessel was no longer flying the Norwegian flag, but was flying the Japanese flag, having been purchased by the present appellee.

Under all these circumstances, plainly appearing in the record, to which the lower court presumably gave consideration, can it possibly be concluded on this appeal that Judge Cushman acted arbitrarily in an abuse of discretion, by refusing to exercise jurisdiction to hear the present cause on the merits?

### CONCLUSION

Appellee urges:

(1) That neither the lower court nor the appellate court ever acquired jurisdiction of the subject matter in this case because the Norwegian law of the ship's flag created no lien in favor of appellant against the respondent vessel, but, on the contrary, confined appellant for his remedy to the relief afforded by the Norwegian Seamen's Compensation Act; that neither the lower court nor the appellate court ever acquired jurisdiction of the subject matter in this case because, if ever a lien did exist in favor of appellant against the respondent vessel, that lien was released and the vessel purged thereof by the proceedings had in the United States District Court of Oregon; and that neither the lower court nor the appellate court ever acquired jurisdiction of the subject matter in this case because the applicable treaty between the Kingdom of Norway and the United States granted jurisdiction over appellant's claim to the Norwegian Consul, and denied jurisdiction to the admiralty courts of this country;

(2) That if the trial court in this case was clothed with discretion, the order of dismissal was entered in

the sound and wise exercise thereof, and not as the result of arbitrary abuse;

(3) That this court affirm the decision below, not only as to the dismissal of appellant's libel, but also as to the costs awarded to appellee, to secure which appellant filed stipulation for costs at the time this cause was instituted.

Respectfully submitted,

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*Proctor for Appellee.*

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Address: 540 Central Building,  
Seattle, Washington.

United States  
Circuit Court of Appeals

For the Ninth Circuit.

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SOCIETA ITALIANA di MUTUA BENEFI-  
CENZA, a Corporation,

Appellant,

vs.

R. A. BURR, as Trustee in bankruptcy of the estate  
of Giovanni B. Nave, Bankrupt,

Appellee.

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Transcript of Record

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Upon Appeal from the District Court of the United  
States for the Northern District of California,  
Southern Division.

FILED

OCT - 6 1933

PAUL P. O'BRIEN,

CLERK





United States  
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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in *italic*; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in *italic* the two words between which the omission seems to occur.]

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NAMES OF ATTORNEYS:

For Societa Italiana di Mutua Beneficenza, Appellant:

BACIGALUPI, ELKUS & SALINGER, Esqs.,  
485 California St.,  
San Francisco, Calif.

For A. W. Higgins, Trustee, and Appellee:

TORREGANO & STARK, Esqs.,  
Mills Building,  
San Francisco, California.

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In the Southern Division of the United States  
District Court for the Northern District of  
California. Second Division.

No. 19998-K.

In the Matter  
of

GIOVANNI B. NAVE, individually and as stockholder of ENAMELED PORCELAIN PRODUCTS COMPANY, a corporation,  
Bankrupt.

PETITION FOR ORDER TO SHOW CAUSE.

To the Honorable T. J. Sheridan, Referee in Bankruptcy:

The petition of A. W. HIGGINS respectfully shows and alleges:

That he is the duly elected, qualified and acting Trustee in Bankruptcy herein;

That the petition praying that said bankrupt be so adjudicated was filed on the 20th day of November, 1930, and thereafter, to-wit, on the 21st day of November, 1930, said bankrupt was duly adjudicated; that at the time of the filing of the petition and adjudication the said bankrupt was in possession of certain real property as a tenant from month to month of certain property, consisting of an eight-acre tract adjoining a cemetery near Colma, in the County of San Mateo, State of California; said property was owned by Societa Italiana Di Mutua Beneficenza; that at the time of the filing of the petition in bankruptcy there was growing a crop of vegetables on said land, planted and cultivated by said bankrupt, the value of which, by stipulation between your petitioner and said Societa Italiana Di Mutua Beneficenza, has been set at the sum of Four Hundred (\$400.00) Dollars; that the payment of said sum of \$400.00 has been guaranteed to your petitioner by said Societa Italiana Di Mutua Beneficenza upon a determination of the rights of the Trustee in and to said vegetables; that your petitioner alleges that with the filing of the petition in bankruptcy all the right, title and [1\*] interest of said bankrupt in and to said vegetables, which was absolute at said date, passed to your petitioner, and ever since then your petitioner has been the owner thereof and is entitled to the possession of said vegetables for the purpose of removing same from said land, or the

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\*Page numbering appearing at the foot of page of original certified Transcript of Record.

sum guaranteed in payment thereof by stipulation.

Your petitioner further alleges that the said bankrupt was the owner of a pump and 10 H. P. motor, alleged to be of the value of Seven Hundred Fifty (\$750.00) Dollars which were located on said premises said pump and motor being severable and removable from said premises as being part of the equipment belonging to said bankrupt; that some right, title and interest in and to said crop of vegetables and said pump and 10 H. P. motor has been asserted by the said Societa Italiana Di Mutua Beneficenza.

WHEREFORE, your petitioner prays for an order to show cause directed to Societa Italiana Di Mutua Beneficenza to show cause, if any they have, at a time and place certain to be hereafter set, why the title to said vegetables or the sum of money representing same should not be declared to be free and clear of any claim of said Societa Italiana Di Mutua Beneficenza, and to show cause, if and they have, at said time and place, why the title of your petitioner in and to said pump and 10 H. P. motor should not be declared free and clear of any claim of said Societa Italiana Di Mutua Beneficenza, and for such other and proper relief as may be meet in the premises.

A. W. HIGGINS,  
Petitioner.

TORREGANO & STARK  
By Charles M. Stark  
Attorneys for Petitioner. [2]

Northern District of California,  
City and County of San Francisco.—ss.

A. W. Higgins, being first duly sworn, deposes and says:

That he is the petitioner named and described in the foregoing petition; that he has read said petition, knows the contents thereof and hereby makes solemn oath that the statements therein contained are true, according to the best of his knowledge, information and belief.

A. W. HIGGINS.

Subscribed and sworn to before me this 26 day of January, 1931.

T. J. SHERIDAN,  
Referee in Bankruptcy.

[Endorsed]: Filed Jan. 26, 1931, at 10 o'clock and 30 Min. A. M. T. J. Sheridan, Referee in Bankruptcy. [3]

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[Title of Court and Cause.]

ANSWER OF SOCIETA ITALIANA DI  
MUTUA BENEFICENZA ON ORDER  
TO SHOW CAUSE.

To the Honorable T. J. Sheridan, Referee in Bankruptcy:

Now comes Societa Italiana di Mutua Beneficenza and appearing as defendant herein and by way of Answer to the Petition of A. W. Higgins, Esq., admits, denies and alleges:



## I.

Defendant admits all of the allegations contained in the first and second paragraphs of the Petition for Order to Show Cause filed herein, save and excepting the allegation that on the 21st day of November, 1930, the said bankrupt "was in possession of certain real property as a tenant from month to month" and in this connection defendant alleges that at all times from and after the 16th day of October, 1930, said Giovanni B. Nave was unlawfully in possession of said premises and defendant further denies that petitioner is or ever has been the owner of the vegetables or is or ever has been entitled to the possession of said vegetables or to the said sum of Four Hundred (\$400.00) Dollars.

## II.

Defendant denies that on the 20th day of November, 1930, or at any time thereafter that said bankrupt was the owner of the said pump and 10 H. P. Motor referred to in the Petition heretofore filed herein and in this connection denies that said pump and motor are of a value of Seven Hundred and Fifty (\$750.00) Dollars, and defendant alleges that said pump and motor are of no greater value than the sum of Twenty-five (\$25.00) dollars and defendant further alleges that said pump and motor are attached to and are a part of said premises referred to in the said petition.

## III.

Defendant alleges that prior to the 1st day of June, 1930, that said defendant leased, demised and let the said [4] premises to said G. B. Nave at the monthly rental of Ninety-five (\$95.00) Dollars per month, payable monthly, on the 1st day of each and every month thereafter in advance, and said G. B. Nave promised and agreed to pay said rental to said defendant and said G. B. Nave entered into possession and occupation of said leased premises.

## IV.

That pursuant to said lease there was and became due on October 1st, 1930, from said G. B. Nave to the defendant herein for the rent of said premises for five (5) months, to-wit, from June 1st to October 31st, 1930, the sum of Four Hundred and Seventy-five (\$475.00) Dollars.

## V.

That on the 13th day of October, 1930, defendant herein made demand in writing on said G. B. Nave (pursuant to the provisions of Section 1161, sub-section 2 of the Code of Civil Procedure of the State of California) for and requiring the payment of said rental or the possession of the said premises, but said G. B. Nave neglected and refused for the period of Three (3) full days and upwards after demand so made as aforesaid, and thereafter neglected and refused to pay said rent or surrender possession of said premises.

## VI.

That thereafter on the 21st day of November, 1930, defendant herein commenced an action in the Superior Court of the State of California, in and for the County of San Mateo against said G. B. Nave for the possession of said premises in accordance with the provisions of Chapter IV, Title III, Part III of the Code of Civil Procedure of the State of California, and thereafter on the 4th day of December, 1930, defendant herein recovered judgment in said action in the Superior Court of the State of California, in and for the County of San Mateo, wherein and whereby it was adjudged and decreed that defendant herein was entitled to [5] the possession of said premises and said judgment was duly entered and filed and docketed in the office of the County Clerk of the County of San Mateo on the 4th day of December, 1930, and said judgment is still in full force and effect.

WHEREFORE defendant prays that it be adjudged that petitioner herein has no right, title or interest in or to the said property referred to herein or the said sum of Four Hundred (\$400.00) Dollars.

BACIGALUPI, ELKUS & SALINGER,  
Attorneys for Defendant, Societa Italiana  
di Mutua Beneficenza.

State of California,  
City and County of San Francisco.—ss.

J. Civinini, being first duly sworn, deposes and says: That he is the secretary of Societa Italiana di Mutua Beneficenza, and as such officer is duly authorized to make this affidavit for and on behalf of said association; that he has read the foregoing answer and knows the contents thereof and that the same are true of his own knowledge, except as to those matters therein stated on information and belief and that as to those matters he believes it to be true.

J. CIVININI.

Subscribed and sworn to before me this 27th day of January, 1931.

[Seal] RAY SOPHIE FEDER,  
Notary Public in and for the ity and County of  
San Francisco, State of California.

[Endorsed]: Receipt of copy acknowledged Jan. 27, 1931.

TORREGANO & STARK,  
Atty. for Petitioner.

Filed Jan. 27, 1931, at 10 o'clock and ..... Min.  
A. M.

T. J. SHERIDAN,  
Referee in Bankruptcy. [6]

[Title of Court and Cause.]

PETITION FOR REVIEW OF REFEREE'S  
ORDER.

To T. J. Sheridan, Esq., Referee in Bankruptcy:—

Your petitioner respectfully shows:

That your petitioner, SOCIETA ITALIANA DI MUTUA BENEFICENZA is the defendant and respondent to a petition for order to show cause filed by A. W. Higgins, Esq., as Trustee for the above named bankrupt, said petition having been filed by said Trustee for the purpose of determining the claim of said Trustee to a certain growing crop of vegetables, and also the alleged title of the said Trustee to a certain pump and 10 H. P. motor, the said Trustee in said petition having alleged that said growing crop of vegetables and said pump and motor being part of the assets of the estate of said G. B. Nave, Bankrupt.

That your petitioner herein, Societa Italiana di Mutua Beneficenza, made answer to the said petition of said Trustee and denied the said claim of said Trustee and alleged that said Societa Italiana di Mutua Beneficenza was the owner of said property. The matter was then heard before you as Referee and evidence was introduced, both oral and documentary, and the matter submitted for decision. [7]

That on the 3rd day of September, 1931, an order, a copy of which is hereto annexed, was made and entered herein and your petitioner received notice

of said order on the 5th day of September, 1931, and that by the terms of said order the hereinabove mentioned petition of A. W. Higgins, as Trustee, was thereby granted.

That your petitioner respectfully represents that such order was and is erroneous in that said order is contrary to the law and the facts in that there is no evidence in the cause that shows that said Trustee, or the said bankrupt, was or is entitled to the ownership of said growing vegetables, or the proceeds thereof, or is or was entitled to the ownership of said pump and 10 H. P. motor.

That said order is contrary to the law and the facts in that the evidence in the cause shows that your petitioner herein, Societa Italiana di Mutua Beneficenza, was and is the owner of the real property on which said vegetables were growing and that the said pump and said 10 H. P. motor were affixed and attached to said premises and that said premises were owned by your said petitioner. That said order is unsupported by the evidence.

WHEREFORE, your petitioner feeling aggrieved because of such order prays that the same be reviewed as provided in the Bankruptcy Law of 1898 and General Order XXVII.

Dated: September 10th, 1931.

SOCIETA ITALIANA DI MUTUA  
BENEFICENZA,

Petitioner.

BACIGALUPI, ELKUS & SALINGER,  
Attorneys for Petitioner. [8]

State of California,  
City and County of San Francisco.—ss.

J. Civinini, being duly sworn, deposes and says:

That he is the Secretary of SOCIETA ITALIANA DI MUTUA BENEFICENZA, and as such officer is duly authorized to make this verification on behalf of said corporation; that he has read the within petition and knows the contents thereof and all the statements of fact therein contained are true according to his own knowledge.

J. CIVININI.

Subscribed and sworn to before me, this 10th day of September, 1931.

[Notarial Seal] RAY SOPHIE FEDER,  
Notary Public in and for the City and County of  
San Francisco, State of California. [9]

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[Title of Court and Cause.]

ORDER ALLOWING PETITION OF TRUSTEE

The petition of the Trustee in the above-entitled proceeding came on regularly to be heard on the 27th day of January, 1931, Messrs. Torregano & Stark, by C. M. Stark, appearing for petitioner and Trustee, and Messrs. Bacigalupi, Elkus and Salinger appearing for Respondent Societa Italiana Di Mutua Beneficenza. Testimony was received and the matter submitted upon briefs of counsel, and now upon consideration thereof,

IT IS ORDERED that the petition of the Trustee herein be granted and that the Respondent Societa Italiana Di Mutua Beneficenza be required to pay to the Trustee forthwith the sum of Four Hundred Dollars (\$400.00) as the amount agreed to be paid for certain vegetables in the order of the Referee in the above-entitled matter, made January 3, 1931, confirming the sale thereof, and

IT IS FURTHER ORDERED that the said Respondent Societa Italiana Di Mutua Beneficenza has no right, title, interest or claim in or to the certain pump and 10 H. P. motor, referred to in the petition.

Dated: September 3, 1931.

T. J. SHERIDAN,  
Referee in Bankruptcy.

[Endorsed]: Receipt of copy of within Petition Acknowledged September 10, 1931.

TORREGANO & STARK,  
Attorneys for Trustee.

Filed Sep. 10, 1931 at 2 o'clock and 30 min. p. m.

T. J. SHERIDAN,  
Referee in Bankruptcy. [10]



[Title of Court and Cause.]

REFEREE'S CERTIFICATE ON PETITION  
TO REVIEW.

To the Honorable the United States District Court  
for the Northern District of California, the  
Honorable Frank H. Kerrigan, Judge:

The undersigned Referee in Bankruptcy, to whom the administration of the estate of the above named bankrupt stands referred, pursuant to the provisions of General Order in Bankruptcy XXVII, respectfully certifies to the Judge of the above entitled court the following controversy:

Immediately following the election and qualification of the Trustee in Bankruptcy, he filed with me his petition for an order to show cause directed to Societa Italiana Di Mutua Beneficenza to show cause before me, if any they had, why the Trustee's title to certain growing vegetables alleged to comprise a part of the estate of the above named bankrupt should not be declared free and clear of any claim of said Societa Italiana Di Mutua Beneficenza, and to further show cause, if any they had, why the title to the Trustee in and to a certain 10 H. P. motor and pump should not be declared free and clear of any claim of said Societa Italiana Di Mutua Beneficenza. The order to show cause was issued pursuant to the petition of the Trustee and, upon notice to the parties, came on for hearing before me in due course. It was undisputed between the parties that the said bankrupt had for a long time prior to the filing of his petition in bankruptcy been an occupant of certain real prop-

erty in South San Francisco owned by said Societa Italiana Di Mutua Beneficenze; that his original occupancy of the land had been pursuant to the terms of a lease between him and Societa Italiana Di Mutua Beneficenza which ran for a term of five (5) years, in other words, from April 2, 1925 to the 2nd day of April, 1930, and thereafter the said bankrupt had occupied the land under a provision of the lease that permitted him to hold over on a month to month basis. Holding over on this [11] month to month basis, the bankrupt had planted a crop of vegetables on the land comprising cauliflower, cabbage, beets, carrots, parsnips, spinach, turnips and onions and at the time of his bankrupt these vegetables were in a condition ready for harvest. The bankrupt, however, had not made his payments as rental on the property as agreed above, and on October 13th, 1930, Societa Italian Di Mutua Beneficenza caused to be served upon Nave a notice to quit, pursuant to Section 1161 of the Code of Civil Procedure of California. On November 20th, 1930, Nave filed his petition in bankrupt and on November 21st, 1930, was adjudicated a bankrupt. On the same day, respondent started an action in the State Courts of Unlawful Detainer against Nave, seeking to have him ejected from the land. The sole question presented as far as the vegetables are concerned, is as follows: Is a notice to quit under the provisions of Section 1161 of the Code of Civil Procedure sufficient to deprive the right of a tenant from month to month to take from the land a crop growing thereon, which was planted by him, cultivated

by him and which was ready for harvest at the time the notice to quit was given? The respondents assert that ipso facto with the giving of the notice to quit, all the right, title and interest of Nave in the growing crop of vegetables was foreclosed, and cite in support of this contention the case of *Agoure v. Plumber*, 175 Cal. 543, *Wickstrom v. McGrath*, 261 Pac. 326, that a tenant who holds the property after the three-day notice to quit has expired is not in lawful possession of the premises. Admitting this statement of the law to be true, I have held that the notice given to Nave did not deprive him of the right to move the vegetables by reason of the fact that his holding falls within the exception to the general rule; it having been held that an exception to the limitation upon the right of tenants to take emblements from the property after the notice to quit is made by the common law rule giving the tenant the right [12] to take the emblements after the termination of the lease when it cannot be known when the tenant's tenure will terminate. Nave could not have known when the landlord would elect to deprive him of the further use of the land and the landlord having permitted him to plant on the land a seasonal crop, could not deprive him of his rights to this crop by exercising his right to oust the tenant just as the crop was coming on to maturity.

*Sullivan v. Superior Court*, 185 Cal. 133;

*Hart v. Fuller Company*, 45 Cal. App. 618.

In other words, the landlord permitted Nave to

plant his crop after the termination of the lease for a fixed term of years and permitted him to keep the property from April until October during the growing of the crop so planted. It was impossible for Nave to have known when the landlord would exercise the right to terminate the tenancy at will, and when the will of the landlord was exercised, Nave had the right to remove his crop.

The case of *Agoure v. Plumber* cited by *Societa Italiana Di Mutua Beneficenza* in support of its contention that it was entitled to the crop upon the giving of the notice to quit does not apply here, for the instant case falls within the common law exception to the rule of *Agoure v. Plumber*. In that case the lease was for a fixed term of years and the tenant planted his crop with the knowledge that his term would expire before the crop would mature. Further, under the express provisions of Section 819 of the Civil Code, Nave was entitled to remove the annual products of the soil, his holding after the termination of his lease having been with the consent of the landlord. Section 819 of the Civil Code says:

“A tenant for years or at will, (as Nave was) unless he is a wrongdoer by holding over, may occupy the buildings, *take the annual products of the soil*, work mines and quarries open at the commencement of his tenancy.”

*Blaeholder v. Guthrie*, 17 Cal. App. 297. [13]

The next question presented on this review is as to whether or not Societa Italiana Di Mutua Beneficenza may claim a pump and motor located on the premises by reason of the election of the landlord to terminate the tenancy at will.

The evidence shows that it was admitted by the landlord that the pumping equipment in question belonged to Nave (Trans. p. 4). If the pumping equipment was not a fixture, and I find from the evidence that it was not but was removable, it would follow that the giving of the notice to quit could deprive Nave of no rights so far as the removal of his tangible property from the premises is concerned. It would be as well to state that after giving a notice to quit, a tenant is deprived of his rights to drive his cattle from the property. Such a contention, of course, cannot be sustained.

Nave having the right to remove his annual crop of vegetables notwithstanding the notice to quit, and in addition having the right to remove his pumping equipment from the premises, it follows that his Trustee in Bankruptcy has the same right. I held therefore that Societa Italiana Di Mutua Beneficenza had no right, title and interest in or to, or claim upon, the crop of vegetables growing upon the land at the time of the filing of the petition in bankruptcy. I held in addition that Nave had the right to remove his farming equipment, including the pump and 10 H. P. motor. It follows that the Trustee had the same right and that Societa Italiani Di Mutua Beneficenza have no right, title

and interest in or to, or claim upon, the pumping equipment.

An order was prepared and filed in the proceeding by me in accordance with the foregoing statements.

Dated: February 27, 1933.

T. J. SHERIDAN,  
Referee in Bankruptcy.

There is transmitted for the information of the Court, together with this certificate, the following documents: [14]

1. Petition of the Trustee for an Order to Show Cause.
2. Order to Show Cause.
3. Transcript of Testimony on hearing of Order to Show Cause.
4. Opening Points and Authorities of Societa Italiana Di Mutua Beneficenza.
5. Reply Points and Authorities of the Trustee in Bankruptcy.
6. Closing Points and Authorities of Societa Italiana Di Mutua Beneficenza.

[Endorsed]: Filed Mar. 2, 1933, 12:35 P. M.  
Walter B. Maling, Clerk. [15]

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District Court of the United States, Northern  
District of California, Southern Division.

AT A STATED TERM of the Southern Division  
of the United States District Court for the North-  
ern District of California, held at the Court Room  
thereof, in the City and County of San Francisco,

on Monday, the 27th day of March, in the year of our Lord one thousand nine hundred and thirty-three.

PRESENT: the Honorable FRANK H. KER-RIGAN, Judge.

No. 19998.

IN THE MATTER OF  
G. B. NAVE  
IN BANKRUPTCY

ORDER CONFIRMING ORDER OF REFEREE.

This matter came on regularly this day for hearing on Certificate of Referee on Petition to Review Order relating to certain growing vegetables. After hearing Attorneys, ordered said matter submitted. After due consideration having been thereon had, IT IS ORDERED that the order of the Referee upon review be and the same is hereby approved and affirmed. [16]

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[Title of Court and Cause.]

APPEAL AND ALLOWANCE.

The above named SOCIETA ITALIANA DI MUTUA BENEFICENZA, a corporation, conceiving itself aggrieved by the Order and Decree of the said United States District Court for the Northern District of California, Southern Division, made and entered on the 27th day of March, 1933, deny-

ing their Petition for review and confirming the Order of the Referee of September 3, 1931, in the above entitled matter, which said matter is a controversy arising in bankruptcy in the matter of Giovanni B. Nave, a bankrupt, does hereby appeal from the said Order and Decree of March 27, 1933, to the United States Circuit Court of Appeals, for the Ninth Circuit, and prays that this Appeal be duly allowed and that a transcript of the record and proceedings and papers upon which said Order and Decree were made be duly authenticated and be sent to the said United States Circuit Court of Appeals for the Ninth Circuit, as required by law, upon this said appeal.

Dated: March 30th, 1933.

BACIGALUPI, ELKUS & SALINGER,  
GEORGE F. BUCK, JR.,

Attorneys for said Appellant, Societa  
Italiana Di Mutua Beneficenza.

#### ALLOWANCE OF APPEAL.

And now to-wit: On March 30th, 1933, it is ordered, on motion of Appellant that the foregoing Appeal be and it is hereby allowed as prayed for; bond to be given by Appellant in the sum of \$750.00, supersedeas and cost bond in the sum of \$250.00.

FRANK H. KERRIGAN,  
United States District Judge.

[Endorsed]: Filed Mar. 30, 1933. 9:33 A. M.  
Walter B. Maling, Clerk. [17]



[Title of Court and Cause.]

ASSIGNMENT OF ERRORS.

NOW comes SOCIETA ITALIANA DI MUTUA BENEFICENZA, a corporation, the appellant in the above entitled matter and respectfully represents that there is manifest error in the record and proceedings therein, to-wit: in the Order and Decree of the United States District Court for the Northern District of California, made and entered in the said matter on the 27th day of March, 1933, denying Appellant's Petition for Review of the Order of the Referee in Bankruptcy dated September 3, 1931, and confirming the Report, Order, Certificate and Return of the Referee in that connection. That said Order and Decree of March 27, 1933, of the said United States District Court are erroneous in the following particulars, to-wit:

1. In denying the said Petition for Review of the said Order of the Referee and in confirming the Report, Order, Certificate and Return of the Referee.

2. That said Order and Decree are erroneous in that said Order and Decree are contrary to the law and the facts in that there is no evidence in the cause that shows that the said Trustee, or the said Bankrupt was or is entitled to the ownership of the said growing vegetables of the cash proceeds thereof, or is or was entitled to the ownership of said pump and 10 H.P. motor, which said property is referred to in the Order of the Referee.

3. That said Order and Decree are contrary to

the law and the facts in that the evidence in the cause shows, without conflict, that Appellant herein was and is the owner of the said property herein-above referred to.

WHEREFORE, Appellant prays that said Order and Decree of the United States District Court for the Northern District of California, of March 27, 1933, be reversed by the United States Circuit Court of Appeals for the Ninth Circuit, and [18] Appellant granted such other and further relief as may be just and in conformity with law.

Dated: March 30, 1933.

BACIGALUPI, ELKUS & SALINGER  
GEORGE F. BUCK Jr.

Attorneys for Appellant Societa  
Italiana di Mutua Beneficenza.

[Endorsed]: Filed Mar 30, 1933 9:33 AM Walter  
B. Maling, Clerk [19]

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[Title of Court and Cause.]

STATEMENT OF EVIDENCE.

BE IT REMEMBERED that on the hearing of the above entitled matter before the Honorable Thomas J. Sheridan, Referee in bankruptcy, upon application of the trustee in bankruptcy of the estate of G. B. NAVE, bankrupt, on order to show cause against SOCIETA ITALIAN di MUTUA BENEFICENZA on January 27, 1931, the following testimony was taken.

## G. B. NAVE

was called as a witness on behalf of the Trustee, and being first duly sworn testified as follows:—

I occupied the premises of Societa Italiana di Mutua Beneficenza from April 2, 1925 to April 2, 1930 under a lease dated April 2, 1925 between Societa Italiana di Mutua Beneficenza, Lessor, and G. B. Nave, as Lessee.

The Trustee then introduced said lease in evidence as Trustee's Exhibit No. 2.

I resided and remained on the premises until December 15, 1930. During the season of 1930, I planted thereon cauliflower, some cabbage, some beets, and french carrots, some parsnips, some spinach, some white turnips and onions and they were growing in the ground on November 20, 1930. I own the pump and the electric motor on the premises, which have been there for the last seventeen years. The pump and motor were used by me for pumping water from the well on the premises. The motor is attached to the pump. The pump rests on a base of wood and concrete and is bolted on the wood. The bolts can be removed and the pump taken away. There are maybe four or five bolts.

It was stipulated between respective counsel at the hearing that G. B. Nave did not pay the rental on the said [20] premises which fell due June 1, 1930 and that G. B. NAVE was in default on the payment of the rental for a period of five months immediately prior to the adjudication in bankruptcy and that Societa Italiana di Mutua Benefi-

cenza on October 13, 1930 served on G. B. Nave Notice to Quit; said Notice to Quit being Respondent's Exhibit "A".

It was stipulated between counsel at the hearing that the Petition in bankruptcy was filed on November 20, 1930 and G. B. Nave was adjudicated a bankrupt on November 21, 1930 and that on November 21, 1930, subsequent to the adjudication, that a Complaint in Unlawful Detainer was filed by Societa Italiana di Mutua Beneficenza.

The cause was then submitted for decision.

The foregoing Statement of Evidence has been prepared by Appellant pursuant to General Order in Bankruptcy No. 37 and Equity Rule 75.

Respectfully submitted.

BACIGALUPI, ELKUS & SALINGER  
GEORGE F. BUCK Jr.

Attorneys for Appellant.

On motion of George F. Buck, Jr., attorney herein, and no objection being made thereto, it is ordered that this statement of evidence heretofore presented herein is settled and allowed.

Dated: June 13th, 1933.

FRANK H. KERRIGAN.

United States District Judge.

[Endorsed]: Filed Jun 14, 1933 10 32 AM  
Walter B. Maling, Clerk. [21]

(TRUSTEE'S EXHIBIT NO. 2)

THIS INDENTURE OF LEASE made this 2nd day of April, 1925 by and between SOCIETA ITALIANA di MUTUA BENEFICENZA, a California corporation, hereinafter called the lessor and G. B. NAVE, of the County of San Mateo, State of California, hereinafter called the lessee,

WITNESSETH:

That said lessor does hereby lease unto the said lessee and the said lessee does hire and take from the said lessor that certain eight (8) acre tract adjoining the cemetery owned by said lessor near Colma, County of San Mateo, State of California, together with the six (6) room frame dwelling situate on said parcel of real estate herein demised, for the term of five (5) years from and including the 1st day of April, 1925 to and including the 31st day of March, 1930, at total rental of Fifty Seven Hundred (\$5700.00) Dollars, payable in advance in equal monthly installments of Ninety-Five (\$95.00) Dollars on the first day of each and every month, the first of which said installments becomes due and payable on the 1st day of April, 1925.

Should said lessee hold over the term created herein, then such tenancy shall be from month to month and in all other respects upon the same terms and conditions as herein stated.

The lessee agrees to pay the said rent to the said lessor, its agents or assigns, in the manner hereinabove specified. And it is further agreed that if

the said rent shall be due and unpaid, then it shall be lawful for the lessor its agents or assigns without notice, to re-enter said premises and remove all persons therefrom and the said lessee waives all rights under Sections 1161-1162 of the Code of Civil Procedure of the State of California, and Section 791 of the Civil Code of the State of California.

The lessee agrees not to sell or assign this lease or any part thereof, or any right thereunder or to let or underlet [22] the whole or any part of said premises and the building thereon without the written consent of the lessor first had and obtained. And the lessee further agrees that he will keep the premises free from all nuisances at his own cost and expense and comply with all the requirements of any local ordinances or statutes pertaining to the condition of the said premises.

And the said lessee agrees not to make or suffer to be made any alteration to said building without the written consent of the lessor first had and obtained.

Said lessee agrees not to use said demised premises for any other purpose than that of growing vegetables or flowers and to use the building situate thereon for a dwelling and for no other purpose without the written consent of the lessor first had and obtained.

And the said lessee further agrees to pay for all gas, electric light, and heat that may be used upon said premises during the term of this lease.

Said lessee is hereby given the right to use the

well now upon said demised premises and to pump therefrom all water necessary for use on said demised premises and in this connection said lessee agrees to use his own pumping equipment for said purpose and to pay for all power and electricity used in pumping said water. Said lessor retains the right to pump water from said well to be used on the cemetery lands of said lessor in case the present water supply of said lessor situate on its cemetery lands is not sufficient for its purposes.

The within lease is hereby made upon the express condition that if at any time within said period of five (5) years it became necessary to use said demised premises for cemetery purposes that then and in that case said lessee agrees upon thirty (30) days written notice given by said lessor to said lessee to immediately vacate said demised premises [23] upon the expiration of said notice.

Said lessor hereby retains the right to dump all surplus material from the excavation of graves or vaults in the cemetery belonging to said lessor upon the within demised premises but said lessor agrees to dump said material in such places as may be designated by said lessee.

Said lessee agrees further to maintain all fences existing on said demised premises in good order, condition and repair at his own cost and expense and further agrees to care for and maintain all trees at present growing on said demised premises.

The lessor, or its agents, shall have and they are hereby given the right to enter upon said premises at all reasonable times to inspect the same.

The said lessee hereby covenants, promises and agrees that he will not suffer any lien or incumbrance to come upon his leasehold of the said premises or any part thereof. It is also specially covenanted, agreed and understood that an assignment of this lease or any interest therein by operation of law or otherwise will constitute a breach of the covenant against assignment and shall work a forfeiture.

And the said lessee hereby specifically covenants and agrees that he will keep and maintain all of the demised property and premises in good order, condition and repair during the whole of the term hereby created and make all repairs thereto of every kind and character and description at his own cost and expense and further expressly waives all rights under sections 1941-1942 of the Civil Code of the State of California.

That said lessee agrees that any improvements or additions to the premises herein except movable fixtures, that may be made under the terms of this lease shall be and become at once a part of the realty and belong to the lessor, its successors and assigns. [24]

And the said lessee hereby agrees to keep the premises in good order and in safe condition and to save and keep the lessor free from all loss or liability brought on by injuries to persons or property arising from or occasioned by the conditions of the premises and to meet all loss or liability in that behalf.



Said lessee agrees that in the event that the lessor brings an action at law to enforce any of the terms or conditions herein or the said lessor commences a summary action under the unlawful detainer act, then said lessee agrees to pay the lessor such reasonable attorneys' fees as may be expended or incurred by it in the said action.

In case said lessee shall be in default as to any of the conditions and covenants of this lease and said lessor having knowledge shall not take advantage of the same, this failure shall in no case be construed as a waiver of said conditions or covenants and all said conditions and covenants shall remain in full force and effect unless expressly waived in writing by said lessor.

Time is of the essence of this agreement and of all the terms and conditions herein contained.

This lease shall bind both parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have caused these presents to be executed the day and year first hereinabove written.

[Seal] SOCIETA ITALIAN DI MUTUA  
BENEFICENZA

By Felice Castagnola

By J. CIVININI

G. B. NAVE

Corection O. K. F C [25]

San Francisco, California  
April 2nd, 1925.

G. B. Nave,  
Colma, California.

Dear Sir:

In connection with that certain lease entered into between this Society and yourself, we hereby agree that in case we require any water from the well situate on the premises leased to you that we will pay for all power used while pumping water from our use, and further agree that we will only pump water from said well during the night-time, it being understood that you will allow us to use your pumping equipment.

We further agree that in case it becomes necessary to use any portion of the premises leased to you for cemetery purposes, that we will only take such part as is absolutely necessary for cemetery purposes, and in case any portion of the premises are taken for cemetery purposes the rent shall be abated in proportion to the amount of land taken.

We further agree that in case said building leased from us by you is damaged by fire, earthquake or the elements that you shall not be required to repair the same.

[Seal] SOCIETA ITALIANA DI MUTUA  
BENEFICENZA

By Felice Castagnola

Its President

By J. Civinini

Its Secretary.

[Endorsed]: Filed 1/27/31 In re Giovanni B.  
Nave, Tr. Exh. 2 T. J. S. Referee [26]

(RESPONDENTS EXHIBIT "A")

MATTER G. B. NAVE

JAN. 27, 1931)

October 13th, 1930.

To G. B. Nave,  
Tenant in Possession,  
Colma, California.

Demand is hereby made upon you and you are hereby required to pay the rent of that certain eight(8) acre tract adjoining the Italian Cemetery, owned by the undersigned, near Colma, County of San Mateo, State of California, together with the six-room frame building situate thereon, which you are now in possession of, and under the terms of that certain month to month tenancy, wherein SOCIETA ITALIANA DI MUTUA BENEFICENZA, is the Owner, and G. B. NAVE, is tenant amounting to the sum of Four Hundred and Seventy-five (475.00) Dollars, being the amount now due and owing to the undersigned, by you for five (5) months' rent, commencing on the 1st day of June, 1930, and ending on the 31st day of October, 1930, or deliver up possession of the same to the undersigned within three (3) days after the receipt of the within notice, or the undersigned shall institute legal proceedings against you to recover possession of said premises with treble rents.

SOCIETA ITALIANA DI MUTUA  
BENEFICENZA

By J. CIVININI

Owner

BACIGALUPI, ELKUS & SALINGER

Attorneys for Owner. [27]

[Title of Court and Cause.]

BOND FOR COSTS

KNOW ALL MEN BY THESE PRESENTS:

That we SOCIETA ITALIANA DI MUTUA BENEFICENZA, a corporation, as Principal and the undersigned individuals, as Sureties, are held and firmly bound unto the above named Trustee in the sum of Two Hundred Fifty Dollars (\$250.00) for the payment of which well and truly to be made we bind ourselves, our administrators, executors, successors and assigns, jointly and severally, by these presents:

WHEREAS, an order was entered in the above entitled proceeding on the 30th day of March, 1933, allowing an appeal to the United States Circuit Court of Appeals for the Ninth Circuit from a certain order by said United States District Court made on the 27th day of March, 1933, in the above entitled proceeding.

WHEREAS, in said Order allowing said appeal it was required that Appellant give a bond for costs in the sum of Two Hundred Fifty Dollars (\$250.00).

WHEREAS, this recognizance shall be deemed and construed to contain the "express agreement" for summary judgment, and execution thereon mentioned in Rule 34 of the said District Court.

NOW, THEREFORE, the condition of this obligation is such that if the above named SOCIETA

ITALIANA DI MUTUA BENEFICIENZA shall prosecute its appeal to the effect and answer costs if said appellant fails to make said appeal good then this obligation shall be void, otherwise the same shall be and remain in full force and effect.

SOCIETA ITALIANA DI  
MUTUA BENEFICENZA

(Principal)

By F. Castagnola, President.

J. Civinini

Surety.

Domenico Castagnola

Surety. [28]

State of California

City and County of San Francisco—ss.

J. Civinini and Domenico Castagnola the Sureties whose names are subscribed to the above undertaking, being severally duly sworn, each for himself, says.-

That he is a resident and freeholder in the City and County of San Francisco, State of California, and is worth the sum in the undertaking specified as the principal thereof over and above all his just debts and liabilities, exclusive of property exempt from execution.

J. CIVININI

DOMENICO CASTOGNOLA

Subscribed and sworn to before me this 7th day of April, 1933.

[Seal]

JAMES S. MULVEY

Notary Public in and for the City and County of San Francisco, California.

[Endorsed]: Filed Apr. 7, 1933, 2:30 P. M.  
Walter B. Maling, Clerk. [29]

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[Title of Court and Cause.]

SUPERSEDEAS BOND.

KNOW ALL MEN BY THESE PRESENTS:

That we, SOCIETA ITALIANA DI MUTUA BENEFICENZA, a corporation, as Principal, and the undersigned individuals, as Sureties, are held and firmly bound unto the above named Trustee in the sum of Seven Hundred Fifty Dollars (\$750.00) for the payment of which well and truly to be made we bind ourselves, our administrators, executors, successors and assigns, jointly and severally, by these presents.

WHEREAS, an order was entered in the above entitled proceeding on the 30th day of March, 1933, allowing an appeal to the United States Circuit Court of Appeals for the Ninth Circuit from a certain order by said United States District Court made on the 27th day of March, 1933, in the above entitled proceeding.

WHEREAS, in said Order allowing said appeal it was required that Appellant give a supersedeas

bond on appeal in the sum of Seven Hundred Fifty Dollars (\$750.00).

WHEREAS, this recognizance shall be deemed and construed to contain the "express agreement" for summary judgment, and execution thereon, mentioned in rule 34 of the said District Court.

NOW, THEREFORE, the condition of this obligation is such that if the above named SOCIETA ITALIANA DI MUTUA BENEFICENZA shall prosecute its appeal to effect and answer all damages if said Appellant fails to make said appeal good then this obligation shall be void, otherwise the same shall be and remain in full force and effect.

SOCIETA ITALIANA DI  
MUTUA BENEFICENZA  
(Principal)

By F. Castagnola, President.  
J. Civinini,

Surety.

Domenico Castagnola,

Surety. [30]

State of California

City and County of San Francisco—ss.

J. Civinini and Domenico Castagnola the Sureties whose names are subscribed to the above undertaking, being severally duly sworn, each for himself, says:-

That he is a resident and freeholder in the City and County of San Francisco, State of California,

and is worth the sum in the undertaking specified as the principal thereof over and above all his just debts and liabilities, exclusive of property exempt from execution.

DOMENICO CASTAGNOLA  
J. CIVININI

Subscribed and sworn to before me this 7th day of April, 1933.

[Seal]

JAMES S. MULVEY

Notary Public in and for the City and County of  
San Francisco, California.

[Endorsed]: Filed Apr. 7, 1933, 2:30 P. M.  
Walter B. Maling, Clerk. [31]

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[Title of Court and Cause.]

PRAECIPE FOR RECORD ON APPEAL.

To the Clerk of Said Court.

Sir:

Please prepare and certify copies of such papers filed and proceedings had in the above entitled matter as are necessary to a determination of the cause on appeal and in particular as follows:

1. Petition on Order to Show Cause;
2. Answer on Order to Show Cause;
3. Referee's Certificate on Review.
4. Order of District Court affirming Order of Referee;
5. Assignment of Errors;



6. Appeal and Order Allowing Appeal;
7. Citation on Appeal.
8. Statement of the Evidence;
9. Trustee's Exhibit No. 2
10. Respondent's Exhibit "A"
11. This Praecipe;
12. Appellant's Cost Bond.
13. Appellant's Supersedeas Bond.
14. Appellant's Petition for Review of Referee's Order.

Dated: April 26th, 1933.

BACIGALUPI, ELKUS & SALINGER  
GEORGE F. BUCK Jr.

Attorneys for Appellant.

[Endorsed] Filed Apr. 26, 1933, 1:51 P. M.

Receipt of copy acknowledged April 25, 1933.

TORREGANO AND STARK  
Attorneys for Appellee. [32]

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CERTIFICATE OF CLERK TO TRANSCRIPT  
OF RECORD ON APPEAL

District Court of the United States  
Northern District of California

I, WALTER B. MALING, Clerk of the United States District Court, for the Northern District of California, do hereby certify that the foregoing 32 pages, numbered from 1 to 32, inclusive, contain a full, true, and correct transcript of the records and

proceedings in the Matter of GIOVANNI B. NAVE, etc., In Bankruptcy, No. 19998-K, as the same now remain on file and of record in my office.

I further certify that the cost of preparing and certifying the foregoing transcript of record on appeal is the sum of Twelve Dollars and Twenty Cents (\$12.20) and that the said amount has been paid to me by the Attorney for the appellant herein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said District Court, this 23rd day of June A. D. 1933.

[Seal]

WALTER B. MALING

Clerk.

by C. M. TAYLOR

Deputy Clerk. [33]

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United States of America—ss.

The President of the United States of America  
To R. A. Burr, as Trustee in Bankruptcy of  
Giovanni B. Nave, a Bankrupt, Appellee,  
GREETING:

YOU ARE HEREBY CITED AND ADMONISHED to be and appear at a United States Circuit Court of Appeals for the Ninth Circuit, to be holden at the City of San Francisco, in the State of California, within thirty days from the date hereof, pursuant to an order allowing an appeal, of record in the Clerk's Office of the United States

District Court for the Northern District of California, Southern Division wherein Societa Italiana di Mutua Beneficenza, a corporation is appellant, and you are appellee, to show cause, if any there be, why the decree or judgment rendered against the said appellant, as in the said order allowing appeal mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

WITNESS, the Honorable Frank H. Kerrigan, United States District Judge for the Northern District of California this 30th day of March, A. D. 1933.

FRANK H. KERRIGAN,  
United States District Judge. [34]

Service of the foregoing citation on this 30th day of March 1933 upon the appellee R. A. Burr as trustee in Bankruptcy of G. B. Nave a bankrupt is hereby admitted.

TORREGANO & STARK,  
Attorneys for said Appellee.

[Endorsed]: Filed Mar. 31, 1933, 10:19 A. M.  
Walter B. Maling, Clerk.

[Endorsed]: No. 7199. United States Circuit Court of Appeals for the Ninth Circuit. Societa Italiana di Mutua Beneficienza, a Corporation, Appellant, vs. R. A. Burr, as Trustee in bankruptcy of the estate of Giovanni B. Nave, Bankrupt, Appellee. Transcript of Record. Upon Appeal from the District Court of the United States for the Northern District of California, Southern Division.

Filed June 23, 1933.

PAUL P. O'BRIEN,  
Clerk of the United States Circuit Court of Appeals  
for the Ninth Circuit.

No. 7199

IN THE  
**United States Circuit Court of Appeals**  
For the Ninth Circuit 14

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SOCIETA ITALIANA DI MUTUA BENEFICENZA  
(a corporation),

*Appellant,*

vs.

R. A. BURR, as Trustee in Bankruptcy of  
the Estate of Giovanni B. Nave, Bank-  
rupt,

*Appellee.*

---

**BRIEF FOR APPELLANT.**

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BACIGALUPI, ELKUS & SALINGER,  
485 California Street, San Francisco,

*Attorneys for Appellant.*

GEORGE F. BUCK, JR.,  
485 California Street, San Francisco,

*Of Counsel.*

FILED

DEC 8 - 1933

PAUL P. O'BRIEN,

CLERK



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No. 7199

IN THE  
**United States Circuit Court of Appeals**  
**For the Ninth Circuit**

---

SOCIETA ITALIANA DI MUTUA BENEFICENZA  
(a corporation),

*Appellant,*

vs.

R. A. BURR, as Trustee in Bankruptcy of  
the Estate of Giovanni B. Nave, Bank-  
rupt,

*Appellee.*

---

**BRIEF FOR APPELLANT.**

**STATEMENT OF THE CASE.**

This is an appeal from an order of the District Court confirming on petition to review the following Referee's order in the within bankruptcy proceeding.

It is ordered that the petition of the trustee herein be granted and that the respondent Societa Italiana Di Mutua Beneficenza be required to pay to the trustee forthwith the sum of four hundred (\$400.00) dollars as the amount agreed to be paid for certain vegetables in the order of the Referee in the above-entitled matter, made January 3, 1931, confirming the sale thereof, and

It is further ordered that the said respondent Societa Italiana Di Mutua Beneficenza has no

right, title, interest or claim in or to the certain pump and 10 H.P. motor, referred to in the petition.

Dated, September 3, 1931.

T. J. Sheridan,  
Referee in Bankruptcy.

The facts as contained in the statement of evidence (Tr. pages 23 et seq.) are as follows:

The bankrupt, G. B. Nave, held certain land as tenant of appellant under a five year lease from April 2, 1925 to April 2, 1930 and thereafter Nave continued to occupy the land as a tenant from month to month under the following clause in the lease.

“Should said lessee hold over the term created herein, then such tenancy shall be from month to month and in all other respects upon the same terms and conditions as herein stated.” (Tr. page 25.)

During the season of 1930 (Tr. page 23) Nave planted a crop of vegetables on the land.

From and after June 1, 1930, Nave defaulted in the payment of his monthly rental and therefore on October 13th appellant served on Nave a notice to quit. (Tr. page 31.) Nave continued in possession despite the notice to quit, and paid no rent and on November 21, 1930 was adjudicated a bankrupt.

Thereupon, the trustee in bankruptcy in the said proceeding claimed title against appellant herein to the above mentioned crop of vegetables then still growing on the land, and also to a certain motor and pump owned by Nave, which was bolted to a wood and con-

crete base on the premises, but which can be removed therefrom. (Tr. page 23.)

The matter was duly heard before the referee in bankruptcy, and the above quoted order was made, and thereafter confirmed by the District Court as above stated. The assignment of errors filed on behalf of the appellant specifies the following particulars in which the said order of the District Court was and is erroneous.

“1. In denying the said Petition for Review of the said Order of the Referee and in confirming the Report, Order, Certificate and Return of the Referee.

2. That said Order and Decree are erroneous in that said Order and Decree are contrary to the law and the facts in that there is no evidence in the cause that shows that the said Trustee, or the said Bankrupt was or is entitled to the ownership of the said growing vegetables or the cash proceeds thereof, or is or was entitled to the ownership of said pump and 10 H.P. motor, which said property is referred to in the Order of the Referee.”

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## ARGUMENT.

### I.

**WHEN A TENANCY IS TERMINATED BY THE DEFAULT OF THE TENANT, TITLE TO GROWING CROPS ON THE PREMISES REMAINS IN THE OWNER OF THE REALTY AND THE TENANT HAS NO RIGHT TO REMOVE THE SAME.**

*Reeves v. Watson*, 124 Cal. App. 534, 539.

“As above set forth, it was stipulated that the rent was unpaid, from which it necessarily follows

that, after the service of the three-day notice under section 1161 of the Code of Civil Procedure, Watson was guilty of an unlawful detainer of the leased property. Right to possession of the property, together with all crops growing thereon, immediately vested in respondents. Code Civ. Proc. §1161; *Agoure v. Plummer*, supra.”

*Agoure v. Plummer*, 175 Cal. 543, page 546.

“The lease between Pierre and defendants being for a fixed term of years, with rent payable at stated times, *and having been terminated by the act of Pierre alone, in failing to pay the rent when due, it did not create an estate that would entitle the tenant or sub-tenant to claim the growing crops or emblements after such termination of the estate.* (Civ. Code, secs. 819, 820; Tiedeman on Real Property, sec. 59; 1 Washburn on Real Property, 6th ed., sec. 259), and it does not appear from the record that such a claim was made.”

36 *Corpus Juris*, pages 105, 106, paragraph 743.

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## II.

SINCE G. B. NAVE'S RIGHTS AS A TENANT HAD BEEN TERMINATED ON OCTOBER 16TH, THREE (3) DAYS AFTER THE SERVICE OF THE NOTICE TO QUIT, AND PRIOR TO THE ADJUDICATION IN BANKRUPTCY, THE TRUSTEE IN BANKRUPTCY SUCCEEDED TO NO RIGHT, TITLE OR INTEREST IN THE LEASED PREMISES, BY VIRTUE OF NAVE'S CONTINUED WRONGFUL AND UNLAWFUL OCCUPATION OF THE PROPERTY.

*Lindeke v. Associates Realty Co.*, 146 Fed. 630,  
page 639.

In this case the tenant was served with a notice to quit. Thereafter the tenant was adjudicated a bank-

rupt. The trustees in bankruptcy claimed that as to them the lease was still valid and subsisting. In this regard, the Court stated:

“The service of notice in this case we think was good under the local statute of the state, and was good at common law, made upon so important an officer as the treasurer as a means of conveying notice to the corporation. *The service being good at the time when made upon the corporation, the subsequent adjudication of bankruptcy and the selection of trustees did not abrogate the service already made upon the corporation or necessitate reservice on the trustees in bankruptcy. In this respect the trustees succeeded only to the rights and stead of the bankrupt, and took the estate cum onere. Under such circumstances, the trustees stand simply in the shoes of the bankrupt at the time they succeeded to the estate.*”

---

### III.

A TENANT AT WILL WHO WRONGFULLY HOLDS OVER HAS NO GREATER RIGHT TO THE GROWING CROPS THAN A TENANT FOR YEARS WHO WRONGFULLY HOLDS OVER. UNDER THESE CIRCUMSTANCES, THE DISTINCTION SOUGHT TO BE ESTABLISHED BY THE LEARNED REFEREE (Tr. page 16) IS WITHOUT BASIS IN THE LAW AS IS SHOWN BY CIVIL CODE SECTION 819.

“A tenant for years or at will *unless he is a wrong doer by holding over* may occupy the building, take the annual production of the soil, work mines and quarries open at the commencement of his tenancy.”

*Furthermore, there is not the slightest evidence in the record which in any way even hints or suggests*

that *G. B. Nave, the bankrupt, was a tenant at will.* Counsel submit with deference that not one of the authorities cited by the learned Referee in his report (Tr. pages 15 and 16) bear upon the matter at issue. These irrelevant authorities are as follows:

*Sullivan v. Superior Court*, 185 Cal. 133.

In this case, it was held, on page 143 of the opinion, that the mortgagee by foreclosure of his mortgage, definitely cut off and terminated the right of the tenant to remove his crops.

*Hart v. Fuller*, 45 Cal. App. 618.

In this case, it was held that when the defendant sold the right to the plaintiff to pasture the plaintiff's stock on land which the defendant occupied as a tenant, the plaintiff's right of pasturage terminated at the same time that the defendant's lease terminated.

*Blacholder v. Guthrie*, 17 Cal. App. 297.

The Court held in this case that when a life tenant after making a lease to the plaintiff, dies before the end of the term thereby created, the lessee, the plaintiff, is entitled to take the crops as against the remainderman, the defendant.

## IV.

SINCE THE TENANCY OF THESE PREMISES WAS TERMINATED THROUGH THE DEFAULT OF THE TENANT, G. B. NAVE, IN FAILING TO PAY RENT, THE TENANT HAS LOST HIS RIGHT TO REMOVE THE PUMP AND MOTOR FROM THE PREMISES AND SINCE THE TENANCY WAS TERMINATED PRIOR TO THE ADJUDICATION IN BANKRUPTCY, THE TRUSTEE IN BANKRUPTCY HAS ACQUIRED NO TITLE TO THIS PROPERTY.

Appellant does not contend that the pump and motor are “*an integral part of the premises*” nor does appellant urge that “*removal could not be effected without injury to the premises*”. The law does not cast that burden upon us, and we do not seek a reversal of the Court below upon such grounds. The finding of the Referee that the pump and motor were “removable” is not determinative of the issue here involved.

Defendant submits that the motor and its pump resting on and bolted to a wooden and concrete base are under the law fixtures even though they may be removed by the tenant. That is to say, these are fixtures that the tenant, Nave, could, while he was lawfully in possession of the premises, or upon the lawful expiration of his tenancy, remove from the premises.

Section 660, *Civil Code*.

“A thing is deemed to be affixed to land when it is attached to it by roots, as in the case of trees, vines, or shrubs; or embedded in it, as in the case of walls; or permanently resting upon it, as in the case of buildings; or permanently attached to what is thus permanent, as by means of *cement, plaster, nails, bolts or screws.*”

*Goss v. Helbing*, 77 Cal. 190, 191;

*McKiernan v. Hess*, 51 Cal. 594, 596.

Section 1019, *Civil Code*.

“A tenant may remove from the demised premises, any time *during the continuance of his term, anything affixed thereto for purposes of trade, manufacture, ornament, or domestic use, if the removal can be effected without injury to the premises, unless the thing has, by the manner in which it is affixed, become an integral part of the premises.*”

However, the law places a definite limitation upon this right of removal.

*Whipley v. Dewey*, 8 Cal. 36, 39.

“It is well settled that a tenant cannot remove erections, made by him on the premises, after a forfeiture or re-entry for covenant broken. Admitting that the defendant had agreed to allow the plaintiff to remove, after expiration of the lease, the intention of the parties must be confined to the legal expiration thereof, by its own limitation, and not by the wrongful act of lessees terminating the same. *The consideration of the contract, as before remarked, was the lease, and the plaintiff, having voluntarily or illegally terminated the same, ought not to be allowed to set up a right under the contract.*

But it is contended, admitting the plaintiff had no right to remove after the expiration of the lease, he still had a moral right to the improvements, or the value thereof, and that this is a sufficient consideration to support a subsequent promise.

It is difficult to see how there was any moral obligation on the part of the defendants, to pay for the plaintiff's improvements, particularly



after he had broken his covenant, and forfeited his lease.”

*Morey v. Hoyt*, 19 L. R. A. 611, 614, 26 Atl. 127, 129 (Conn.).

“Another general rule, quite well established, is this: Where the term is surrendered, or is put an end to by the lessor under a forfeiture clause, for some act or omission of the tenant, and he is put out of and the lessor is put into possession, the right of the tenant to remove his fixtures, in the absence of special agreement or special circumstances affecting his right to remove, is gone as effectually as if the term had expired by lapse of time. *Pugh v. Arton*, L. R. 8 Eq. 626; *Weeton v. Woodcock*, 7 Mees. & W. 14; *Davis v. Moss*, 38 Pa. 346; *Whipley v. Dewey*, 8 Cal. 36; *Kutter v. Smith*, 69 U. S. 2 Wall. 491, 17 L. Ed. 830. And see the cases cited herein subsequently in support of the next point.

Furthermore, as a general rule, the creditor who attaches or levies upon removable fixtures as such, or the vendee or mortgagee of removable fixtures as such, must remove them from the premises while the tenant's right to remove them exists. *In other words, the creditor, vendee, or mortgagee, in the cases supposed, acquire no greater rights in this respect than the tenant under whom they claim.*”

---

### CONCLUSION.

By reason of the failure of G. B. Nave, the tenant, to pay rent, the lease and his rights as tenant were terminated through the service of the notice to quit

and no further steps by appellant were required to terminate the tenancy in so far as the trustee in bankruptcy was concerned. The authorities are clear to the effect that when a tenancy is terminated by reason of the tenant's own default that the tenant loses his rights under the lease to sever removable fixtures attached by him to the realty or to remove growing crops. This right was lost prior to the adjudication in bankruptcy which occurred some five weeks later, and there is no rule of law by which those rights of a tenant can be thereafter restored by the mere filing of a petition in bankruptcy.

Dated, San Francisco,  
December 8, 1933.

Respectfully submitted,

BACIGALUPI, ELKUS & SALINGER,

*Attorneys for Appellant.*

GEORGE F. BUCK, JR.,  
*Of Counsel.*

No. 7199

IN THE <sup>15</sup>

**United States Circuit Court of Appeals**

**For the Ninth Circuit**

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SOCIETA ITALIANA DI MUTUA BENEFICENZA  
(a corporation),

*Appellant,*

vs.

R. A. BURR, as Trustee in Bankruptcy of  
the Estate of Giovanni B. Nave, Bank-  
rupt,

*Appellee.*

**BRIEF FOR APPELLEE.**

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**Filed**

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**PAUL P. OBRIEN,**

**CLERK**



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**BRIEF FOR APPELLEE.**

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**STATEMENT OF THE CASE.**

This is an appeal from an order of the District Court confirming on review the referee's order. The referee's order required the appellant to pay to the trustee the sum of \$400.00, it being the stipulated value of certain vegetables sold by the trustee at public sale in the Bankruptcy Court on January 3, 1931. The trustee took possession of the vegetables as were growing upon the land occupied by and in possession of the bankrupt at the time of the filing of the petition in bankruptcy. Also from an order of the referee in bankruptcy holding that the appel-

lant has no right, title or interest or claim in or to a certain pump and 10 H. P. motor referred to in the petition and found by the referee not to be a fixture on the land.

The facts are contained in the referee's certificate on petition to review (Rec. p. 13) and in the statement of evidence (Rec. p. 22, et seq.).

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### ARGUMENT.

The sole questions presented upon this appeal are:

(1) Whether or not the fact that the landlord permits his tenant to hold over from month to month following the expiration of a lease for five years, during which time a crop of vegetables is planted, cultivated, matures and is ready for harvesting, ipso facto divests that tenant of his right to the crop and thereby divests his trustee in bankruptcy of a right to the crop by a simple notice to quit for a non-payment of rent, which notice is referred to in California Code of Civil Procedure, §1161.

(2) Whether or not by such notice to quit, the title of the lessee and his right to possession thereof, is by operation of law divested in so far as it relates to pumping equipment admittedly belonging to the bankrupt and used by him in the irrigating of his crops and not constituting a fixture on the land.

The bankrupt, from April 2, 1930, until the date of his bankruptcy on November 20, 1930, was holding over with the consent of his landlord certain property under the terms of a lease providing for such holding



over, which lease had expired on April 2, 1930. Following the expiration of the lease, the landlord permitted his tenant to plant upon the land a crop of garden truck and bring same on to maturity about the time of his bankruptcy. On October 13, 1930, with the crop ready to be harvested, the landlord served upon the tenant a notice to quit for the non-payment of rent. (Rec. p. 31.) Between October 13, 1930, the date of the notice to quit, and November 20, 1930, the date of the filing of the petition in bankruptcy, nothing further whatsoever was done by the landlord relative to his asserted right to regain possession of the land.

With the filing of the petition in bankruptcy, the growing crop and all other property in possession of the bankrupt came into the possession and under the control of the Bankruptcy Court; in other words, into *custodia legis*.

§70 (5) Bankruptcy Act;

*Gilbert's Collier* (2d Ed.), p. 1160;

*Pollack v. Meyer Drug Co.* (C. C. A. 8th Cir.),  
36 Am. B. R. 835-845; 233 Fed. 861;

*In re Cantelo Mfg. Co.* (D. C. Me.), 26 Am.  
B. R. 57; 185 Fed. 206;

*Brown v. Crawford* (D. C. Ore.), 42 Am. B. R.  
263; 252 Fed. 248.

The trustee when elected, by operation of law, was vested with title *as of the date of adjudication* to all property of the bankrupt which "prior to the filing of the petition he could by any means have transferred or which might have been levied upon and sold under judicial process against him." (Bankruptcy Act §70

(5), U. S. C. C. §110.) On the date of adjudication no affirmative act other than the notice to quit had been performed by the landlord. After the date of adjudication no affirmative act could be done by the landlord tending to divest the trustee of the vested rights arising by operation of law with the adjudication. The trustee severed the crops and sold them for \$400.00, and after severing and selling same delivered the land up to the landlord.

The question of what rights flowed to the landlord with the giving of his notice to quit for non-payment of rent has been squarely decided in a case almost "on all fours" with the instant case both as to law and facts. We set out as follows such portion of it as appears pertinent:

Howard Bixler leased his farm for one year to Vernon Hook, the bankrupt. The lease contained the usual covenant for rent on a monthly basis of \$85.00 and reserved a right of entry to the lessor for non-payment of rent. No rent was paid. Bixler issued a distraint warrant on July 16, 1927, the rent being four months in arrears, and on July 20th his lessee was adjudicated a voluntary bankrupt. At the time of the entry by the landlord there was an unharvested crop sown by the bankrupt on the land. This crop was sold by the trustee under order of the Court and the proceeds held by the Court for further determination relative to its ownership. The petition of the landlord asked that either the full sum of the proceeds of the sale be paid over to him or, as an alternative, his rent be paid, the rent

amounting to a sum less than the proceeds of the sale of the crop. The Court in a well reasoned decision held that the landlord was entitled to either the forfeiture of the lease or distraint of the property of the tenant on the land until the payment of the rent was made. He elected to distrain. The Court held that the trustee in bankruptcy was entitled to the proceeds of the sale of the crops and denied the landlord's petition, stating:

“The result is, therefore, that there was no valid forfeiture by the entry on July 19th, and therefore the trustee is entitled to the entire proceeds of the sale of the crops for the benefit of the creditors. \* \* \* The bankruptcy of the tenant does not affect the lease. (Citing cases.) It still continues in force, and though the landlord is not entitled to file in bankruptcy for his rent because a claim for rent yet to accrue, being contingent, is not one which is provable under §63 of the Bankruptcy Act (citing cases). He has a perfect right to proceed to judgment in a personal action as long as the lease is in existence. Of course, it might be that his right to sue for the full amount of the rent is practically of little value, but it is to be remembered that the landlord still has the land and its productive value, and it is more equitable that he be relegated to the uncertain remedy against the tenant than that the general creditors, who have nothing to rely upon except their provable claims, be deprived of realizing on the sale of the crops.”

*Matter of Vernon R. Hook, Bankrupt* (U. S. D. C. March 29, 1928), 11 Am. B. R. (N. S.) 470, 25 F. (2d) 408.

The rule is well settled that the occupier of the land is the owner of all crops harvested during the term of his occupancy, whether the occupant be a purchaser in possession, a tenant in possession, or a mere trespasser in possession holding adversely.

In *Paige v. Fowler*, 39 Cal. 412, the Court said:

“No case has been cited where it has been held that the owner of the land out of possession was the owner of the crops grown and actually harvested by the person in possession, and the very fact that the owner may recover the rents and profits of the land shows that he cannot recover the crops.”

In *Record v. Lewis*, 46 Cal. App. 168, it was held that the owner of the land could not recover the gross value of the crops grown thereon even by a trespasser, the owner's damages being confined to the rental value of the land, for the crops having been severed belonged to the trespasser.

In *Martin v. Thompson*, 62 Cal. 618, it was held that an action to recover possession of grain sown and harvested by the defendant while in adverse possession of the lands of the plaintiff was not maintainable.

In *Churchill v. Ackerman*, 22 Wash. 227, 60 Pac. 406, the Court said:

“That the title to crops follows actual possession and not a right to possession merely, is well established; and when a person in adverse possession severs crops before recovery, the title thereto is in the person in possession.”

In *Lynch v. Sprague Roller Mills*, 51 Wash. 535, Pac. 578, it was said:

“It is an elementary rule of law that the occupier of land is the owner of all crops harvested during the term of his occupancy, *whether the occupant be a purchaser in possession, a tenant in possession, or a mere trespasser in possession holding adversely.*”

From the foregoing it may be seen that for the landlord to claim that by the mere delivery of a piece of paper to his tenant in possession he could divest the tenant and his successor in interest of all title or interest in the growing crops on the land, would do violence to elementary and well settled principles of law; and where the trustee, as he did in this case, immediately went into possession of the growing crops, severed same himself and sold them pursuant to stipulation with the landlord that same might be done, the instant case is brought squarely within the rulings cited above.

Great store is laid by appellant in the decision of *Agouree v. Plummer*, 175 Cal. 543. In addition to that case being severely criticized by the law writers (Cal. Law Review, Vol. 6, page 156 at 157), the facts in the case are not similar and revolve around a different principle of law. In that case, the landlord had recovered possession from his tenant and controversy arose over the right of the landlord to crops grown by a sub-tenant and still growing and unsevered *at the time that actual possession was recovered by the landlord.*

In the instant case, no attempt to regain actual possession by the Societe was made. They simply gave a notice to quit and sat supinely by for a period

of approximately a month until the trustee had come into possession of the land, succeeding the bankrupt's possession therein, and with appellant's permission had severed the crops and disposed of them. To permit the right to arise for which the appellant contends, would open wide the door for collusion and fraud between landlord and tenant, which is to say that the tenant, incurring large expense for the growing of a crop and creating for the growing a large indebtedness, could, on the eve of the crop coming to maturity, defeat the rights of his creditors by permitting his lease to go momentarily in default and receiving from the landlord a notice to quit, and thereby divest himself of all of the assets represented by the growing crop in favor of his landlord and to the detriment of his creditors.

In order for the right for which the appellant contends to arise in so far as his contention relates to the crops, it would have been necessary for him to have reduced the land to his actual possession prior to the severance of the crops therefrom. That this was not done is not disputed, nor is it disputed that the only thing that was done by the landlord to give rise to his contention was the simple service upon the tenant of a notice to quit. That this would convey no title to the growing crops to him by operation of law and would create no lien thereon is expressly shown by the cases above cited.

In so far as the contention of the landlord relates to the pump used for the raising of water by the tenant and admittedly belonging to him, we will not burden the Court with a citation of authorities on so fallacious

a contention as the landlord makes, which is, "in a nutshell," that by this same service of notice to quit, title to the pump was vested in him. The record discloses that the pump was not a fixture, that it was capable of removal and, as we have said previously, it might be as well contended that by the notice to quit the tenant was rendered powerless to drive his cattle from the land.

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**CONCLUSION.**

It is respectfully submitted in view of the facts and the law as hereinabove set forth, the order of the referee and District Court should be affirmed.

Dated, San Francisco,  
January 17, 1934.

Respectfully submitted,

TORREGANO & STARK,  
*Attorneys for Appellee.* (S) (S)











